'Frank talk' plan for Thatcher visit to Washington, Page 8

No. 29,554

Tuesday February 19 1985

EUROPE'S BUSINESS NEWSPAPER

D 8523 B

#### World news

#### Solidarity accused of links with CIA claims

underground trade union move-ment Solidarity of having links with the U.S. Central Intelligence

Agency (CIA).

The charge came during a two-part, prime-time television broadcast transmitted last night and on LONDON shares drifted lower and Sunday evening. It is seen as being part of an official campaign to counter Solidarity's attempt to organise a national 15-minute strike on Feb-

ruary 28 against food price rises. Col Zhibniew Pudysz, head of the Interior Ministry's investigative department appeared on television last night surrounded by documents and computer disks said to contain Solidarity material. Page 2, Editori-

#### **South Korea Cabinet**

South Korean President Chun Doo-Hwan replaced 12 of his 22 Cabinet members in the wake of last week's elections. Former national security planning agency director Lho Shin-Yong becomes Prime Minister. Page4

#### 'Star wars' doubts

Herr Hans-Jochen Vogel, leader of West Germany's opposition Social Democrats said U.S. insistence on developing its "star wars," pro-gramme could block agreement with the Soviet Union on intermediate-range nuclear weapons.

#### Afghan rebels

An Afghan revolutionary court passed death sentences oo five antipessed death sentences oo five anti-government rebels. A further six retreated to close 21.25 higher at were jailed for between five and 20 years. Kabul radio said the men belonged to Pakistan-based resistance

#### Protest in Sidon ""

Thousands of militant Shia Moslems demonstrated in Sidon, Leba- from 150.0. Page 39 non they attacked shops selling al-cohol and ripped, down Lebanese the dollar in London to close at budget gap by means of an inter-flags put up since the Israeli with-flags put up since the Israeli withdrawal. Page 4

#### Jet fighters crash

A British pilot died when his Harrier jump jet and a West German Starfighter collided in mid-air and crashed near the Dutch-German border. The German pilot parachuted to safety.

#### Ship hit in Gulf

Manakh, was hit by an Iranian missile in the Gulf. Lloyds Shipping In-telligence reported the vessel on

#### Policeman held

Leader of Spain's main police union, Manuel Novas, was arrested In connection with the suspected embezziement of Pta 14m (\$77,000)

#### Thai border claim

Thai military officials said Vietnamese troops crossed briefly into Thailand in pursuit of Khmer Rouge guerrillas during recent fighting.

#### Pakistan round-up

Pakistan's military Government has arrested all but one of the lead-

#### ers of opposition parties boycotting next week's general election. Manlla fire probe

Arson investigators found severed telephone and power lines on two floors of the Manila hotel where 25 people died in a fire last week.

#### Queensland in dark

bitter labour dispute which blacked out large areas of Queens-land, Australia and led to lay-offs of more than 500,000 workers, threatened to spread across the country after peace talks broke down.

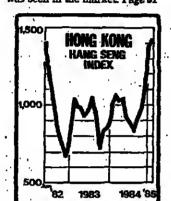
## Andersen rejects **British**

Business summary

ARTHUR ANDERSEN, world's largest accountancy group, "unequi-vocably" denied allegations made by Britain's Northern Ireland Eco-

LONDON shares drifted lower and the FT Ordinary index ended down 9.4 at the day's lowest level of 970.5. Gilts were also easier. Section III TOKYO stocks fell back from the record levels seen at the end of last week and the Nikkei Dow market average shed 20.77 to 12,149.15. Section III

MALAYSIAN Government announced e temporary freeze on all new public listings and new share issues on the Kuala Lumpur Stock Exchange until an improvement was seen in the market. Page 31



HONG KONG shares surged as the battle for control of Wheelock Märden escalated. The Hang Seng 1,427.18. Section III

DOLLAR was firm in London, rising to DM 3.296 (DM 3.265), Ffr 10.0725 (FFr. 10.005), Swfr 2.801 (Swfr 2.718) and Y260.8 (Y256.8). On Bank of England figures the dol-lar's exchange index rose to 151.0

11.025) but was unchanged at SwFr 3.0625 and improved to DM 3.6025 (DM 3.6) and Y284.25 (Y283.0). The pound's exchange rate index fell 0.2 to 71.2. Page 39

GOLD rose 25 cents on the London bullion market to \$304.50. It also improved slightly in Zurich to \$304.25.

WALL STREET markets were closed for a public holiday. A Kuwaiti container ship, the Al-FRANCE last year lost fewer working days through industrial strikes than in 1983, despite the sharp in-

fall in real wages. Page 3 TRILOGY, U.S. electronics group which has had to abandon its at-

tempts to build a world-beating "supercomputer," faces new problems with the end of its development con-tracts with computer maker Sperry.

BANK ALMASHREK of Beirut of fered \$50m for the bulk of the operations of the troubled Deak-Perera group, the oldest and biggest foreign exchange and precious metals retailer in the U.S. Page 19

PECHINEY Ugine Kuhlmann French state-owned metals group, increased consolidated revenue by 22.8 per cent to FFr 35.4bn last year and estimated it made a profit of FFr 500m against a loss in 1983 of FFr 463m. Page 19

BMW, West German car and motorcycle manufacturer, increased sales by 17.5 per cent to DM 16.48bn (\$5.05bn) last year and achieved record production despite e seven week shutdown for strikes. Page 20 DYNO INDUSTRIER, Norwegian chemicals, plastics and explosives group, increased profits from NKr 102m to NKr 180m (\$19m) last year and is raising its dividend. Page 20 PIRELLI, Italian tyres and cables manufacturer, is to acquire 10 per cent of Seat Cavi, the cables division of Seat, Pirelli'e only Italian-

## Heseltine defends secrecy over Belgrano affair

sinking of the Belgrano during the 1982 Falklands war.

He was immediately condemned

MR MICHAEL Heseltine, Britain's Defence Secretary, offered e new justification yesterday for the Con-servative Government's refusal to servative Government's refusal to disclose to parliament further information about the sinking of the Argentine cruiser General Belgrano, writes Margaret van Hattem, Political Correspondent, in London. It could, he said, have led to requests for further information which might have been classified. For that reason he had decided not to disclose that the General Belgran

to disclose that the General Beigrano bad reversed its course before it was sunk. Mr Heseltine was speaking in a

House of Commons debate on the

**Bonn resists** 

**EEC** budget

compromise

BY QUENTIN PEEL IN BRUSSELS

WEST GERMANY was last night

holding out against a compromise

deal on how to finance the estimat-

ed Ecu 2bn (\$1.36bn) gap in the EEC budget and Britain's promised Ecu

Ibn budget rebate in the course of

The plan put forward by Italy,

which is currently president of the EEC Council of Ministers, would try to link finance for the short-fall in

farm spending and the British re-

bate with an increase in the long-

term rate of contributions to the

EEC budget, in an effort to resolve

the Community's recurring finan-

Attempts to agree on the deal were suspended last night to await the arrival of Herr Hans Dietrich

Genscher, the West German For-

eign Minister, but German officials said that it remained unacceptable,

because it required member states to increase their contributions be-

fore January 1 1986, when Spain and Portugal are due to join the

The Italian compromise, which

was forcefully backed yesterday by M Jacques Delors, President of the

European Commission, would re-

It would allow Britain to withhold

Ecu 1bo from its regular contribu-

tion to the EEC budget once all 10

national parliaments had ratified

the decision to increase the Com-

munity's resources by raising the

It would also allow that decision

non-reimbursable advances.

cial crisis.

confidence of parliament, and should resign. Mr Heseltine had offered an "ex-

by Mr Denzil Davies, defence spokesman for the opposition La-bour Party, who said that Mr Hesel-tine had behaved "totally dishonourably, could no longer command the

traordinary" reason for not answer-ing MPs' questions, Mr Davies said. To suggest that answers should be withheld lest they lead to requests for more information was a "strange, potentially dangerous doc-

President Sandro Pertini of Italy

said he had turned down an invi-

tation to address the European Parliament as part of the 40th anniversary of the end of World War II in Europe, because he re-

used to "play second fiddle to Reagan." President Pertini had been invited to join the U.S. President in Strasbourg on May

8 and address the parliament on

1986, provided there was unani-

mous agreement by all member states effectively giving West Ger-many a veto if the enlargement ne-

gotiations with Spain and Portugal are not concluded in time.

The Italian deal is widely regarded as the best available compromise given Bonn's absolute refusal to allow an early increase in budget contributions without the link to the enlargement talks.

Herr Genscher is none the less

committed to a German Cabinet de-cision taken on February 8 to stick

by its alternative plan for one over-

all inter-government agreement on

the 1985 finance, including repay-

The foreign ministers last night

made a new attempt to agree their

negotiating positions for the en-largement talks with Spain and

Portugal, but there were disagree-

fisheries questions. The ministers

the position of the applicant states, but last night showed little signs of

ments still on the agriculture and

ment of the British rebate.

rate of long-term contributions were urged by members of the Eu-from the present 1 per cent value-added tax (VAT) calling to 1.4 per es of compromises to move towards

the following day. Page 3

He further accused Mr Heseltine of attempting a "character assassination" of Mr Clive Ponting, the civility il servant who leaked documents about the sinking of the warship and was last week acquitted on charges under Britain's 1911 Offi-cial Secrets Act.

Mr Heseltine, who spoke for 70 minutes, was heard in silence for most of the time in a calmer and better humoured debate than had generally been expected. Mrs Margaret Thatcher, the Prime Minister, ignored opposition challenges to speak in the debate, but was present for the first 90 minutes. Mr Heseltine said that Mr Pon-

Ecu bank

lending

jumps to

\$23.6bn

By Peter Montagnon in London

INTERNATIONAL bank lending

denominated in Ecus, the currency basket of the EEC, jumped to the

equivalent of \$23.6bn at the end of

September last year from just \$6.5bn in December 1982, according

to a study by the Bank for International Settlemeots (BIS).

More than two thirds of the in-

crease came in the first nine

BIS. The bank is studying a reques

should become the clearing bouse

for international transactions de-

By last September the Ecu had

vehicle for international bank lend-ing, the study shows. Loans denom-

aggressively marketed Ecu ac-

This has meant that banks have

had to concoct Ecus by borrowing

the individual component curren

cies in the interbank market, the

BIS says.

nominated in Ecus.

French francs \$14.9bn.

no and insisted that Mr Ponting had at no time expressed his dis-sent. Mr Ponting, listening from the gallery, shook his head at several points in Mr Heseltine's speech.

Outlining the Government's case, Mr Heseltine argued that claims and questions about the sinking of the Belgrano were largely instigated by Argentine sources anxious to probe the scale of British intelligence activities.

But British information had come from "the most sensitive sources" which were as vital now as in May

ment could not give the House of Commons "every single detail."

Much of Mr Heseltine's speech, however, concentrated on Mr Pon-ting's role in the decision-making process. He suggested that Mr Pon-ting had deceived ministers, ap-pearing to support their decisions while writing anonymously to Mr Tam Dalyell, a Labour member of parliament, urging him to persist with his questions to ministers.

The secrets charges of which Mr Continued from Page 18 Alfonsin's low-key approach,

## **Peugeot's better** results may lead to equity issue

BY PAUL BETTS IN PARIS

PEUGEOT, the French car group, cut its losses considerably in 1984, M Jacques Calvet, chairman, said yesterday. It also expects to report a small net profit this year. The group embraces the Peugeot, Citroën and Talbot marques.

M Calvet, reflecting a growing confidence in the financial recovery of the group which lost FFr 2.6bn (\$260m) in 1983, indicated that Pen-geot was considering raising new equity in the second half of this nonths of last year alone, says the from commercial banks that it

Despite a depressed domestic car market Peugeot has succeeded in cutting losses through reducing far outstripped currencies such as sterling and the French franc as a jobs and holding wage increases be-low the French inflation rate. The Peugeot group shed almost 18,000 jobs last year, the equivalent of about 10 per cent of its total workinated in sterling totalled only \$15.8bn equivalent, and those in

The group has benefited, more-over, from the strong commercial success of the Peugeot 205 super-mini. It has been boosted by the The Ecu has been taken to fourth place, behind the D-Mark, yen and Swiss franc, as a non-dollar vehicle for bank lending. The main impetus has come from borrowers in France success of the 205 turbo model in the world rally championship.

and Italy seeking a stable alterna-tive to dollar borrowing that does Although the group continued to be burdened by some FFr 30bn in total debts, M Calvet said group innot entail a large exchange risk. But the BIS notes that bank devestments would be kept at a suspositors are less interested in holdtained rate in coming years. After ing funds in Ecus. Such deposits investing a little more than FFr 4bn have grown much less slowly than last year, the group was planning Ecu loans. At the end of last September they totalled only the equivestments of more than FFr 5bn this year and of more than FFr 6bn alent of \$18.7bn, and deposit activity was largely confined to Belgium and Luxembourg whose banks have

M Calvet said yesterday that the Automobiles Peugeot division, which includes the Peugeot and Talbot marques, was expected to break even or even show a small profit for 1984. Citroën, however, would again show a heavy loss in 1964 including full provisions to cover its substantial job restructur-

ing operations last year.

M Calvet added that the improve-

ment in the group's overall perfor-mance was also in part a result of tighter control over stocks. His aim was to reduce stocks from less than 12 days' supply in 1984 to less than

six days' supply within three years. The eventual raising of new capital by Peugeot would belp to restore the shareholder capital of the group which has fallen from FFr 13bn to FFr 5bn as a result of the group'e beavy losses in recent years At the same time, M Calvet said

be was confident his group would shortly be granted FFr 2bn in soft loans from the French Government's industrial modernisation fund (FIM) to belp investments for the launch of the oew Citroen small minicar next year. M Calvet indicated that a deci-

sion on the future of the group's troubled Talbot marque would be taken in the "next two to three months." Talbot has now slumped to 1.4 per cent of the French mar-M Calvet would not say whether

the new medium-sized car, code-named C-28; which was originally due to replace the Talbot Horizon, would be called a Talhot or a Peu-

He did not rule out, however, The C-28 might be sold as a Peugeot in France and as a Talbot in the UK or Spain, where Talbots are cur-

rently produced. The French domestic car market was expected to have another difficult year in 1985, M Calvet said. He expected new registrations to total in 1984. New registrations last year

Continued from Page 18 BMW sales rise, Page 20

#### Thais pull together to loosen grip of state industries

By Chris Sherweil, recently in Bengkok

WHEN A Thai takes a train, bus or aircraft; turns on his tap or light; or tries to telephone e friend, he deals with a state-owned company. The same is true if he arrives at a port or airport, drives on an expressway

or even buys cigarettes. Thailand's 65 state enterprises are also involved in agriculture, mining manufacturing, trading, banking, insurance and tourism. But recently they have collectively managed to irritate a new and unexpected quarter with their ubiquity. The Greenwood

ty – the Government.

The problem is, that they are spending money in amounts larger than the central Government's own total budget of about baht 210bn (\$7.5bn). Worse, they are running up large deficits. With the Government'e own deficit far higher than expected this year, public sector finances are coming under serious

strain. The Government has been aware of the growing problem for years but has tended to avoid it. Now, under Mr Sommai Hoontrakul, finance minister, the country's economic managers seem to be re-sponding. "At least," says an inde-pendent economist, "the Governent seems to be acting, pulling to-

Earlier this month Mr Sommai who recently warned that Thailand faced its first "zero growth" budget in the next fiscal year, starting in October - ordered government departments to make recommenda-tions within two months for reforming the state enterprises under

their responsibility. The reform plan, which includes options ranging from closure to privatisation, is a principal element of a larger economic strategy. For he past 18 months the Government has been struggling to contain large deficits in its external trade and its current account on the balance of payments. Last November it finally devalued the balt by 14.8 per cent.

The key problem has been Thailand's numerous major develop-Peugeot following the U.S. example ment projects. The Government al-of giving the new car a different lowed increased levels of foreign brand name for different markets, borrowing because domestic resources were inadequate and many projects were undertaken by state **Electricity Generating Authority of** Thailand (Egat), the Petroleum Au-thority (PTT) and Thai International Airways became big borrowers. and state companies have incurred 1.85m cars this year against 1.76m two thirds of Thailand'e external public sector debt. The country's total debt, includ-

Continued from Page 18

#### Drop in international lending, Page 20 to come into effect before January 1 Westmoreland and CBS settle

day at a press cooference said: "Both Gen Westmoreland and CBS believe that their respective positions have been effectively placed before the public for its consideration and that continuing the legal process at this stage would serve no further purpose.\*

The programme accused the general of being involved in a "conspir-acy" in 1967 to show progress in the war by deliberately under-estimatowned rival in the sector. Page 20 ing the real strength of North Viet-

As a result of the "conscious effort," the documentary said, President Lyndon B. Johnson and American troops, as well as the public, were left "totally unprepared" for the Tet offensive of January 1968.

Yesterday's carefully worded joint statement said: "CBS respects Gen Westmoreland'e long and faithful service to his country and never intended to assert, and does not believe, that (he) was unpatriotic or disloyal in performing his duties as he saw them.
"Gen Westmoreland respects the

long and distinguished journalistic tradition of CBS and the rights of journalists to examine the complex issues of Vietnam, and to present perspectives contrary to his own." Under the terms of the settle-

elevision and entertainment group has agreed not to demand payment of court costs. In a statement released by CBS accompanying the settlement, the

Editorial comment: Poland; Management: SBA's future

recently a string of former U.S. Central Intelligence Agency (CIA) advisors, and is believed to have cost between \$7m and \$9m.

as "a powerful work of fiction."

Mr Burt is understood to have approached CBS lawyers severa

doned the case.

Helms bid for control of CBS,

# Vietnam libel case out of court

GENERAL William Westmoreland, the 70-year-old former commander of U.S. forces in Vietnam, and the CBS television network, yesterday outlined details of an out-of-court settlement which brought to a close Gen Westmoreland's controversial \$120m libel suit against the net-

Under the terms of a settlement thrashed out between lawyers over the weekend, CBS will not disavow a January 1982 documentary on the Vietnam war, called The uncounted enemy: e Vietnam deception, which Gen Westmoreland claimed libelled

network said: "We regret that Gen Westmoreland and his supporters

namese and Vietcong enemy forces. felt compelled to bring this suit. We feel now, as we did three years ago, been brought to the courts."

The apparent resolution of the case came after weeks of secret negotiations between lawyers representing both sides in the controver sial libel suit.
The trial, which has run for 18

The move for an out-of-court settlement is reported to have been started by Mr Dan Burt, the gen-

weeks ago to ask whether CBS would press for some of the networks' trial costs, estimated at about \$200,000 if the general aban-

# BY PAUL TAYLOR IN NEW YORK

A joint statement released yester-

ment CBS will not pay any money to Gen Westmoreland, although the

weeks in the New York courts, in-

eral's principal lawyer, who had earlier described the documentary

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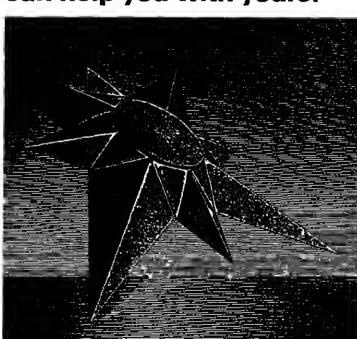
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## Almost 22% of Spain's workforce unemployed at the year's end

UNEMPLOYMENT in Spain -proportionally the heaviest in Western Europe-reached a record 2.87m at the end of last year, almost 22 per cent of those who want to work, according to final quarter figures published by the National Statistics Institute, writes Patrick White in

Madrid. Roughly two in every five unemployed Spaniards were looking for their first job. Of the rest, the services sector had the largest un-employment, fellowed by manufacturing industry and construction.

These figures are particularly disquieting for the Socialist Government, which,

following a sharp improve-ment in the external accounts last year, has set its sights on halting the decline in employment. They show not only more jobs lost last year than the year before but also a recent acceleration. The total of jobless was almost 6 per cent up on the previous quarter and 18 per cent above

The survey figures show an increase of more than 600,000 in unemployment since the Socialists arrived in power in late 1982, and a fall of more than 500,000 in the number who have jobs. However, the Government argues that these figures are faisely inflated by the inclusion of some 120,000

agricultural workers in the south of the country who have toined community labour schemes but are not counted as working.

Even when this is taken into account, last year's per-formance on the job front was the worst since 1981 and demonstrates the extent of the zethack the Socialists have suffered since promising in their election campaign to create 800,000 jobs.

The Government would now have to create some 1.2m jobs in the next two years in order to achieve that aim before the end of its current

Spain

Marie

## Warsaw claims Solidarity has links with CIA

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH authorities have

have arrestly been arrested over the protest call. One of them, Mr Bogdan Lis, was annested e mere two months ago and the other two freed under the July amnesty for political prisoners.
The Interior Ministry now claims to have come into possession of a number of documents from Solidarity bureaus abroad as well as correspon-dence between the union's dence between the unions into egifts from abroad will underground leadership and its still be freely available, but representatives in the West hard currency bought on the which suggests e link between black market will have to go the union and the CIA.

Colonel Zbigniew Pudysz, the interest bearing accounts for a head of the interior Ministry's year. Polish banks at present investigative department, pay interest rates of 5 per cent appeared in the television show on current accounts and 12 per surrounded by documents and centron a three-year deposit

Education and health are pro-

vided free, transport and hous-ing cost only a nominal sum,

THE POLISH authorities have followed up their warning to Mr Lech Walesa to stop calling union; chief delegate in the for protest action or face west, was a traitor with CIA arrest with accusations that his banned Solidarity trade union has links with the U.S. Central Intelligence Agency.

The charges, which could precede important political trials, came in a two-part prime time television programme broadcast on Sunday evening and last dissident leaders were freed.

television programme broadcast on Sunday evening and last night. Solidarity has called for protests against forthcoming food price rises, including a 15 minute token general strike et noon on February 28.

Three top Solidarity leaders have already been arrested over the protest call. One of them, Mr Bogdan Lis, was amnested to more two months ago and the other two freed under the July weeks of December after the total was paid in in the last two weeks of December after the Finance Ministry amounted that the rules on depasts would be changed.

From April I, Poles will have to document the source of the deposits. Those that are earnings or of the from abrined will

GIBRALTAR EXPECTS 1,000 JOBS TO BE CREATED IN THE NEXT 12 MONTHS

## Spaniards eye work over the border

BY IOSEPH GARCIA IN GIBRALTAR

MORE THAN 2,000 Spaniards have already applied for jobs in Gibraltar, and an average of 70 new epplications are being received daily, since the border was opened two weeks ago. The interest in Gibraltar jobs is not surprising given the bigh level of unemployment in Spain, and although at present there are only limited job opportuni-ties, the future looks optimistic.

The greater economic activity already being generated by the full opening of the Spanish border should cause the creation of at least 1,000 new jobs in the next 12 months, an increase of ebout 10 per cent

BUSINESS HAS beomed in Gibraltar in the two weeks since Spain reopened the frontier, local officials and traders told Reuter. They said some 60,000 visitors, more than twice the local population, bad swarmed across the border since the gates were opened on February 5 after a 16-year

frontier severely depressed local busi-ness and reduced tourism to a trickle. Now, shops are

staying open longer, banks are crammed, hotels are fillare crammed, hotels are filing up and pubs and restaurants are having to turn away
customers. The local branch
of the British department
store Marks and Spencer,
says sales have doubled.

"Any business person who
says he can't make a decent
living in Gibraltar today must
be a born failure," said
Haresh Budrani, secretary of
the Indian merchants associathe Indian merchants associa-tion, which controls much of

the high street trading.

this week of a Moroccan at the new commercial yard. Government official who has resulted in fewer than 100 also been investigating restrictions being imposed by the Spanish frontier authorities on

on the next 12 months, an increase of ebout 10 per cent on the current workforce total of 12,000, Dr Reginald Valarino, the Minister of Labour, said.

Of nine new work permits issued last month before the border opened, four went to Spaniards, Official records show 125 Spaniards with work permits, but a more realistic total is unofficially put at about 300.

Gibraltar had feared a major unemployment crisis following three their future threatened by the communing strictions on its own workforce threat threatened by the communing spanish frontier workers despite the closure of the naval dock yard at the end of last year when 700 people were made to the communing and retail trades are building and retail trades are dilpoised for expansion from the last count, obtain priority of employment orisis following threatened by the communing spanish frontier workers despite the closure of the naval dock yard at the end of last year when 700 people were made to the foundant. There was already a recession in the building and retail trades are building Gibraltar had feared a major

workers joining the dale queue.

Gibraltar has always required Moroccans crossing into Spain force to cope with an incidence The latest unemployment of economic activity which is total for Gibraltar, at 500, may out of proportion to its mini-well be the lowest in Europe scule size. It cannot be comin percentage terms, but it can pared with a community of make a fair impact in a 30,000 which forms part of a small, interwoven community, large country. The rock must especially when 380 of them are be as self-sufficient as it can Gibraltarians. The figures are and must orginate its own ser-based on people who actually vices, such as electricity and register as unemployed, so the real total should be higher.

The figures are and must orginate its own ser-vices, such as electricity and hospitals. Public sector employ-ment accounts for at least half the labour market.



computer discs which he said contained Solidarity meterial. account tax free. Rampant black economy keeps Georgians on the road

last year shows that Soviet citizeus would be prepared to official Soviet news agency Tass double the 10 per cent of their yesterday said that China had

yesterday said mar China nad suplied rockets fired into resi-dential areas in Kabal, the Afgan capital.

The reference to the Chinese government as the Peking hegemonists is more hostile in tone than recent references

ing cost only a nominal sum, in tone than recent references but there is a big demand for tailors, plumbers and shoe repairers, for instance, even in Moscow where the situation is better than in the rest of the country.

O The Soviet Union has escalated its attacks on China for supplying Afgan guirrillas with New York, NY 10022.

## Yugoslav doubts about loan bid

BY ALEKSANDAR LEBL IN BELGRADE

YUGOSLAVIA, already deep in negotiations for a new standby loan from the International Monetary Fund, is shortly to open discussions about new ons from the World Bank, with officials in Belgrade divided about how much more to borrow from the international aid agency in view of the country's high debt level,

The authorities believe they could borrow as much as \$2.5bn from the World Bank, in loans both for projects and structural adjustment, over the next four years. But equally, they are

concerned not to raise the overall level of debt, despite World Rank terms being more favourable than commercial ones.

By the end of 1984, Yugoslavia drew on \$265m of its \$275m first structural adjustment loan from the World Bank, with each borrowed dollar generating thre dollars in extra exports. In negotations for another such loan, however, Yugoslavia would like to be allowed to use the money for import of some capital equipment, as well as raw and intermediate materials. Meanwhile, negotiations here with the IMF for a new standby

loan entered their second week with the main stumbling block apparently being Yugoslav insistence on the current agreement on interest rate levels.

Under the existing standby arrangement, which runs out on March 31, interest rates should be raised one percentage point above the inflation rate by April I and keep pace with the rate of price rises thereafter. But on present trends this will entail interest rates rising to 70 per cent by April and to nearly 80 per cent by mid-summer, according to officials here.

#### BY PATRICK COCKBURN IN MOSCOW

sums, are bought by workers aristocrats. in the services sector such as car mechanics and shop

managers. The capacity of those illegally providing services to pay well in excess of the official price of up to £20,000 for a Mercedes proves the existence of a large black economy providing for consumer needs.

A recurrent theme in the swms needed to buy Chryslers, Mercaner. Toyotas and Buicks,

Soviet Press is the large profits I made by people supplying ser-vices, often puriosned from the Mustangs, Toyotas and Buicks,

A STUDY by the police in the state, which otherwise cannot to provide sufficient spare parts, southern republic of Georgia be obtained. People who prosphore that 40 per cent of vide such services are accused foreign cars, which sell for large of living like prerevolutionary and motorcycles on the roads

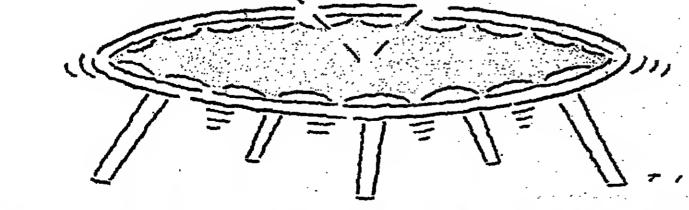
The study, published in the Georgian daily, Eastern Dawn, singles out shop managers and drivers who use Government-owned vehicles and petrol in

spending devoted to services, if they were available. (In France, spending on services is 35 per has led to a rampant black

The Interior Ministry has pointed out that while the number of privately-owned vehicles has risen 180 per cent in the past seven years, petrol sales are up by only 20 per cent. The difference between the two figures is explained by extensive theft from the state.

The provision of services in the Soviet Union has lagged behind rising real income. A it says.

The fallure of Soviet planners study by two Soviet sociologists



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THE NUMBER of working days lost through industrial strikes continued to fall last year in France despite the sharp increase in unemployment and the fall in real wages.

the fall in real wages.

According to statistics issued by the Ministry of Labour, the number of man-days lost through strikes initiated at plant level—the most reliable indicator of labour unrest—fell last year to a monthly average of 110,000. This is marginally down on 1983 but reflects a long trend of diminishing strike action.

The three occasions over the past decade in which there has been a significant surge in the number of days lost in industry were in 1975-76, 1979 and 1982 (the first full year of President Francoise Mitterand's administration). However, plant level strikes—as measured through rancoise Mitterand's admini-tration). However, plant level last year by 13.4 per cent to trikes—as measured through the number of working days ost—were a third down last year on the 1975-76 level.

At the same time, the number of the first cross through the plant of the first cross to the first cross 2.48m on a seasonally adjusted basis. Hourly wages in industry rose by 6.2 per cent, compared to the first cross the number of working days lost—were a third down last year on the 1975-76 level.

of strikes instigated by unions at national level has also continued to fall, According to provisional figures from the Ministry of Labour, days lost fell to a monthly average of 3,000 compared to 18,000 in 1983 and 6,000 in 1982 and 6,000 in 1982.

Both sets of figures reinforce other evidence of a long-term decline in the power of the unions in France. The clearest sign of this has been the decline in union membership which has particularly affected the Communist-led CGT and the pro-Socialist CFDT.

A recent public opinion poll showed that only 18 per cent of the industrial workforce was prepared to strike, with an even smaller proportion of militancy among the young. Unemployment in France rose

#### Israeli leader in Rome to see Craxi and the Pope

BY ALAN FRIEDMAN IN ROME

TTALY'S Prime Minister, Sig Bettino Craxi, last night wel-comed Mr Shimon Peres, the Israeli leader, to talks in Rome which Italian officials hope will contribute to the search for peace in the Middle East.

Mr Peres's three-day visit is the first ever by an Israeli head of state and is being viewed by Sig Craxi as an opportunity to demonstrate his country's evenhandedness in the region, according to a senior govern-

The Israeli leader will have an audience today with Pope John Paul and the two are expected to discuss the possi-bility of the Vatican granting official recognition to the Jewish

state.
The Italians are particularly The Italians are paricularly concerned that the Peres-Craxi talks go well in the wake of a controversial meeting Sig in December in a controversial meeting Sig Craxi held in December in Tunisia with Mr Yasser Arafat, the leader of the Palgetinian because of Israel's irritation Liberation Organisation. "Sig about it. Craxi was criticised by several. An aide to Sig Craxi last of his own coalition partners might stressed that Italy's warm after the Arafat meeting and and numerous ties with Arab an earlier visit by Mr Peres countries "do not preclude our resulted by mostroused frignishing for Israel." reputedly postponed friendship for Israel."



#### Pertini's remark strikes note of discord

By James Sunton in Rome
SOME characteristically frank
words from President Sandro
Pertini have involved Italy in
the controversy over how
Europe should celebrate the
40th anniversary of VE Day.
Italy's 85-year-old head of
state said at the weekend that
he would not "play second
fiddle to Heagan" by joining
him before the European Parliament in Strashourg on
May 8.

Last December he accepted Last December he accepted an invitation to address the Parliament on May 9, to celebrate not VE Day but the European ideal. This year is also the 25th anniversary of the European Deciaration of Robert Schuman, one of the inspirers of the EEC.

But a number of European MPs, mainly of the Left, and including West German Social Democrats. hoped that he

memorats, hoped that he would also commemorate the victory over fascism. The fica evidently appealed to the President, who was a leader of the Italian Resistance against fascism during the

When the Parliament decided last week to invite President Ronald Resagn to address it on the theme of VE Day on May 8, the president M Pierre Pfilmlin, asked the Italian head of state if he would like to come to Strasbourg a day earlier to be there with Mr Reagan, and deliver his speech the fellowing day. When the Parliament

deliver his speech the following day.

That idea evidently went down badly at the Quirinale Palace, which issued a remarkably blunt communique saying that Sig Pertiniwould not be going to fitrebeurg on May 8.

Then on Sunday, Sig Pertini, by then in Egypt, explained to journalists what had happened, "I think the

had happened. "I think the choice of Reagan to celebrate be said. "But then I asked myself; what am I going to Strasbourg to de? To play second fiddle to Reagan?"

But he also confirmed that he would be going in Stras-bourg later, probably in June, just before his current seven-year term as President expires. Yesterday, as some Italian

restering, as some Initian nolificians annianded Sig-Pertini's decision and his frank explanation of it.

Other scriticised him for an sig Glulie Amerectii, the Italian Foreign Minister, and H Pfilmlin, tried to smoothe





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Rupert Cornwell reports on the pressures on West Germany to modify its plans

## Bumpy ride for Bonn's car pollution curbs

"WHAT ARE our poor car for the life of the car: if the buyers to do?" asked a leading reduction is only 30 per cent West German newspaper the from present standard levels, other day. The sympathy, it the concession will last only may safely be assumed, is sin-

cere.
Once upon a time, the purchase of a new car in West Germany was a fairly straightforward financial calculation. forward financial calculation. But the arrival of an army of regulations for exhaust emission controls, an issue charged with political, emotional and business implications, has changed the situation.

The sums have aircady been complicated by the intricate system, devised by the Government, of incentives and penalties for those who do, and do not, opt to fit their cars with catalytic converters, and by the further requirement that all new cars are thus fitted from

new cars are thus fitted from 1989 — or in the case of larger models from 1988.

From July 1 this year, the virtuous will benefit from a cut in annual motor tax, the duration of which will depend on the extent of the improve on the extent of the improve-ment in air quality. A 50 per cent reduction in emission pol-

three years. From January 1, 1986, drivers

the who purchase a conventional West new model, or who "stay dirty" light with their existing car will see with their existing car will see
their motor tax go up from
DM 14.40 (£4) per 100 cc of
engine espacity to DM 21.60
and DM 18.80 respectively.
Three years later, low polluting news models will be
obligators obligatory.

Nagging fear

Now, if that were not baffling enough, another nagging fear—of official retaliation by Bonn's EEC partners to prevent these rules becoming law on schedule—has suddenly acquired ominous shape.

Last week it emerged that France bad tabled formal objection to the West German plans in Brussels. The status of the complaint is still unclear. the complaint is still unclear, especially its duration, but this ergument is in a sense secondary to the quandary of the

to convert an old model (now or later?) in preference to replacing it with a new one (clean or dirty?).

What, too, is his duty to the German forests, which led to the campaign to reduce vehicle exhaust pollution in the first place? All these considerations may now be submerged by a veto from Brussels. The main vietim of the co

fusion so far has been the West German car industry, which directly or indirectly provides one in seven of all manufactur-ing jobs in the country. Twice in the past few days it has appealed for an end to donbt at bome, and for compromise

Herr Eberhard von Kuen-beim, the chief executive of BMW, has demanded elarity. The manufacturers association

Already the car buyer has confusion over the anti-poliuhad to ask whether it is worth
waiting until 1983 or 1989 to
buy a new car instead of
earlier, or whether it is better
to convert an old model (now
to be blown off course, spokesto convert an old model (now
to be blown off course, spokesto the anti-poliuare going through a very sticky
patch.

For all those reasons few
there doubt that a compromise
to be blown off course, spokesto the state-owned Renault,
are going through a very sticky
patch.

For all those reasons few
there doubt that a compromise
to be blown off course, spokesto the state-owned Renault,
are going through a very sticky
patch. man insist, and car buyers can rely on what has already been promulgated. But such assur-ances, even given the formid-able pressure of the environ-talist lobby, may not cut much

Speed limits

Admittedly only France has so far gone public with formal opposition, but Bonn knows that both Italy and Britain (if for slightly different reasons) feel much the same. They have pointed to the German's failure to reduce speed limits, when they are so worried about their trees.

they are so worried about their trees.

There is a great deal at stake for France. Not only does it believe that the smaller cars in which the French, and Italian, industries specialise would be disproportionately burt by the planned new German rules in so important an export market but Herr Eberhard von Kuenbelieve that the smaller cars is A compromise of the type now
which the French, and Italian, on the cards is a distant cry
line manufacturers association
reported a 20 per cent drop in
orders in the last quarter of
1984, thanks entirely to fear and

must come. Bonn's affected in-difference and the stridency of the French protest may, they feel, be ritual sparring in advance of the planned meeting of Community Environment ministers on March 7.

ministers on March 7.

The obvious deal would be for smaller cars, up to an engine capacity of perhaps 1,400 cc, to be exempted, at least for a while, from the requirement to fit low pollution catalytic converters. The alternative, as Bonn realises, might the Europe of the Europe o be a bitter fight at the Euro

peau court. The exhaust emissions debate has been a classic illustration of bow earlier consultation with interested parties could have prevented confusion between the Utopian and the practicable.

## Vogel sees 'Star Wars' threat to nuclear arms deal

THE LEADER of West Germany's opposition Social Democrats, Herr Hans-Jochen Vogel,
yesterday spelt out the fear that
U.S. insistence on its "Star
Wars" strategic defence initiawars strategic defence initiawars strategic defence initiawars and certain menece of the after its hostility to Euromissile deployment — and to
missile deployment — and to
missile deployment — and to
west Germany staying within
the Atlantic allience and to
the crucial role of the U.S.
muclear deterrent in preserving
strategic defence initiawars strategic defence initiawars arrived bere in late 1983.

The Atlantic allience and to
the crucial role of the U.S.
muclear deterrent in preserving
strategic defence initiawars strategic defence initiawars arrived bere in late 1983. tive could block a deal with the Soviet Union on intermediate range nuclear weapons in

Speaking at a Nato meeting in Brussels yesterday, Herr Vogel argued that the top priority for Europe at the forth-coming Geneva superpower arms talks was a cut in medium range rockets, including the cruise and Pershing 2 missiles being deployed by Nato and the Soviet SS-20s.

Referring with some scepti-cism to the whole "vision" of the Star Wars programme prosented by President Ronald Reagan Herr Vogel warned that after the Soviet Union's indication that it would only accept a "package deal" solu-tion in Geneva, an agreement on medium range weapons would be even harder to

However, be went out of hisoviet SS-20s. way to stress the commitment West Germany, moreover, of his party—often queried

the security of Western Europe. It was unrealistic, Herr Vogel included, to suggest that West Germany could drift off into neutrality, as a means of remov-ing the barriers between the two German states. Nor could he see any time in the future when Western Europe could guarantee its own security without the U.S. deterrent.

Robert Mauthner, Diplomatic Correspondent, writes: The acquisition by the Soviet Union of a global maritime

the crucial role of the U.S. the alliance, according to a nuclear deterrent in preserving study published today by the the security of Western Europe. Institute for European Defence and Strategic Studies.
The Soviet Northern Fleet,

operating from the Kola Penin-sula, and its ancillary units, constitute the largest single concentration of naval power in the world, according to the

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Such operations could be accompanied by the deployment of the Soviet Northern Fleet, which would block Neto's reinforcements to the Scandinavian countries under attack, close the sea approaches and secure control as far as the North Atlantic and the English Chan-

To deal with the problem, the study. study recommends a full-scale
Once a conflict bad begun, the strategic review, leading pos-Soviet Union could provoke a sibly to the creation of a new significant alteration in the British-based Nato command balance of power in the Nor-thern Region by occupying Commander (Northern Europe) territory on the European and a U.S. Deputy.



## Moslems invade Sidon in riots against Gemayel

SIDON—Thousands of Moslem fundamentalists from Beirut, backed by hundreds of armed men, poured into Sidon yestervisit by Mr Gemayel, who was cerried shoulder high with his Prime Minister Mr Rashid Karami, during a rousing welday, amashing liquor stores and demonstrating against President

Amin Gemayel,
Shouting slogans against Mr
Gemayel, Israel and the
Lebanese army, they flooded into the main square of the city for a noisy two-hour demonstration demanding establishment of an Islamic republic. Lebanese troops who took over Sidon when the Israeli

army withdrew on Saturday appeared powerless to establish

order. At one army check-point, outnumbered troops tried to stop demonstrators who surrounded them and tore down Lebanon's national fleg. Soldiers took beck

the flag and replaced it, but the demonstrators again tore it down, witnesses said.

They estimated there were betwen 10,000 and 12,000 fundamentalists, including 3,000 chapting women.

Escorted by gunmen with mated at 30,000 men, are automatic rifels and grenade stationed in north Lebanon and launchers, groups of demonstra-tors rampaged through the they confront Israeli forces. streets, storming into five stores to smash liquor bottles.

The demonstrators, mainly from west Beirut's poor Moslem withdra suburbs, carried hundreds of Reuter placards of Lebanese Moslem Leban

of Seoul **Cabinet** replaced

PRESIDENT Chun Doo-Hwan of South Korea has replaced 12 of his 22-member Cabinet, in the tionary leader Ayatollah Ruhollah Khomeini. wake of last week's strong elec-toral advances for the political Slogans also derided Sunday's opposition.

12 members

opposition.

The resbuffle bas left intact the nation's key economic policy-makers as well as the Ministers of Foreign Affairs and

It comes amid a growing de-bete within the ruling Demotook over the streets from 10 am until late afternoon. Troops stayed at their posts but did cratic Justice Party over its proper response to the election results, which are widely inter-preted as a popular rejection of the Government's political pro-Lebanese troops, meanwhile, consolidated positions opposite Israel's new front lines south and east of Sidon.

Elements within the ruling party are proposing repeal of the law under the authority of which Mr Rim Dei-Jung and 14 other leading dissidents are barred from all poblical activity.

They also have pushed to beve a party leadership and new Cabinet with a less "military" appearance. At present the leadership is dominated by former military officers.

Mr Lho Shin-Yong, the direc-

tor of the National Security Planning Agency (formerly the Central Intelligence Agency) bas been appointed Prime Minister.

Although the Prime Minister is South Korea's senior Cabinet official and successor to the is South Korea's senior Cabnet
official and successor to the
President, his power is vasily
overshadowed by the presidency. The previous Prime
Minister, Mr Chin Iee-Chong,
bas been ill for several months.
Mr Chung Suk-Mo' a Government administrator, was
appointed Minister of the
Interior.

Interior.
The appointment marks the first time since President Chun came to power in 1980 that the Interior Minister comes from a non-military hackground. The Ministry controls the national

police force.
The appointment of Mr Lee Won-Hong as Minister of Cul-ture and Information may provoke some controversy among

the opposition.

Mr Lee has been president of the state-run Korea Broadcast-ing System, which was heavily criticised for giving "preferen-tial news coverage" to the Gov-

erment party during election campaigning.

The new Cabinet leaves in place its Deputy Prime Minister for economic planning. Mr Shin Byong-Hyun, and Mr Kim Mahn-Jae, the Finance Minister.

UNREST IN SOUTH AFRICA

## Forced removals spark new violence

THE VIOLENCE which flared across the black townships of the Vaal triangle and the Eastern Cape last year spread yesterday to the squatter town-ship of Crossroads, 20 kilo-metres from Cape Town. Three black men died and many others were injured as

riot police moved in with rub-ber bullets, birdshot and teargas to hreak down barricades. These bad been erected by residents enraged by a Government decision last Friday to speed up their forcible removal

to the new township of Khaye-litsha, 15 kms away.

Up to 70,000 people, mainly illegal refugees from the poverty-stricken Homelands of Transkei and Ciskei, live in Crossroads in makeshift homes of corrugated Iron, cardboard and flattened tin cans.

The Government, which recently amounced that It was

recently announced that it was reconsidering its policy of for-cible removals, claims that the squatter township is a bealth and fire risk, and it is on these grounds that it has justified its decision to move the inhabi-

But Crossroads, in spite of its poverty, is highly politicised and its unofficial leeders believe that the Government's real motives are not sanitary but the desire to move all blacks to Khayelitshe where they will be gathered together far from the city on an easily controllable

The root of the problem lies in the harsh living conditions and high unemployment in the neighbouring black Homelands many miles away.

The remorseless pressures of population growth, agricultural mechanisation, recession and

—conditions which have been drought have turned the prac-made worse by three years of tical application of Apartheid drought and the current deep into a task of impossible pro-

The Government implicitly Every week bases from the Homelands arrive on the edges of Crossroads and the nearby black townships of Langa, Nyanga and Gugulett to discontinuous control of the cont recognised this so far as the Western Cape is concerned western Cape is concerned three months ago. At the Cape Nationalist Party congress, Mr P. W. Botha, South Africa's president, amounced that the gorge more tham 1,000 desperste men and women. Poor and unsanitary it may be, but Crossroads is also in coloured preference rules which hitherto had made the Western its own a way a monument to self-belp and spontaneous org-Cape a privileged preserve, not only for whites but also, anisation. in a different way, for coloureds It has its own makeshift (people of mixed race) chools clinics, churches and a were to be scrapped.

schools, clinics, churches and a thriving "parallel economy" of The Coloured Preference laws small shops,
It is the kind of township to
be found all over the Third gave Coloured priority over blacks in all fields—from jobs

to housing.

Increasingly, however, in recent years the forces of demography and poverty have led to a growing migration of blacks—most of whom have ended up in Crossroads or similar thanks from pleasables. similar shanty town elsewhere in the province.

The ending of coloured pre-ference is part of the attempt to come to terms with this new reality—and so is the decision to build the new town of Khaye-litsha some 40 kms from Capetown on the sandy dunes of the Cape fiats.
The site, on a former military

flew over the area in a helicop-

To the Government, it looked the ideal site to bouse the esti-mated 350,000 blacks who are

the end of the century.

Since then, the bulldozers bave cleared acres of scrubland, and construction companies — including the local subsidiaries of UK groups such as Wimpey and Gementation — have built over 5,000 "core houses" on the blinding white sand.

Each tiny breeze-block house of only 27 square metres has a toilet and basin and two small rooms with a tin or asbestos roof. They stretch into the distance like lines of large dog

kennels.

But they have water, water-borne sewerage, paved streets and electricity as an optional extra. Two schools for 1,100 pupils each have been built out of the 10 primary and four high schools pianned.

Also on the blueprints are a harminal schools pianned. hospital, clinics, supermarkets, building material stores for "do-it-yourself" extensions, parks and a rail link for com-

pletion by 1990.

The Government's main problem at the moment is persuading residents of Crossreads to move so far from jobs and the city to a township where they will have to pay-rent and be under close super-

But such is the harshness and The site, on a former military desperation in the Homelands training area, was personally from which the immigrants chosen by President Bothe who come, that in the longer term,

the Government's main prob-lem could well be stemming the flow to khayelisch of all those for whom such a home would mated 350,000 blacks who are be a dramatic improvement or expected to live in the area by their present state.

## tougher line on black strikers

Mines take

THE MANAGEMENTS of two THE MANAGEMENTS of two of South Africa's leading mines bave adopted firmer approaches to illegal work stoppages with the dismissal of 794 men at the East Driefontein gold mine. 35 miles west of Johannesburg. The sackings follow settlement of an illegal strike overworking conditions by the mine's 11,000 strong black workforce.

The all-black National Union The all-black National Union of Minaworkers. (NUM) Claims that the sackings are examples of selective victimisation, while management counters that the men have illegally refused to return to work and were therefore in breach of contract.

Legal action is being taken to evict the men from the mine compound.

At the same time, a curiew has been imposed by manage ment at the Rietspruit opencas colliery near the Eastern Transvasi town of Bethal after a weekend in which MUM members are alleged to have assaulted and intimidated men wanting to return to work during a strike over the disnissal of two shop stewards.

In another development, 1,000 black employees at the Modderfontein dynamite factory near Johannesburg struck yesterday morning in support of pay demands.

#### Charges against Archbishop are dropped

By Our Johannesburg CHARGES THAT Archbishop

CHARGES THAT Archbishop Denis Hurley defamed the South African police were dropped yesterday by the South African authorities.

It was alleged that Archbishop Hurley, who is Pracident of the Southern African Catholic Bishops' Conference (SACBC), had made statements in 1983 about Koevest, the police counter-Insurpency unit police-counter-insurgency unit in Namibia (South-West Africa), which were defamatory or untrue and which alleged strocities by Kovoet against Namibians. intend to restore Pakistan's The majority of Namibians, basic constitution of 1973 and wanted to retain too many of the Prima Minister's and elected parliament's powers."

The majority of Namibians, Archbishop Hurley said, do not see Swapo (the Namibian insurgent movement) as terrorists

#### Lebanese terrorism 'is main security problem for Israel'

MR YITZHAK RABIN, Israel's remained deployed more or defence minister, said yester-less in their present positions day that be sees Lebanese terrorism es Israel's main security problem in the near

He spoke as Israeli troops continued to be attecked in Lebanon, in spite of the completion of the first stage of the planned Israeli withdrewal. He indicated that Israeli forces would return from time to time to Lebanon if it was deemed necessary to prevent the re-establishment of an anti Israel infrastructure in southern

in Lebanon, implying that Israel-would not object to minor changes in the current Syrian deployment.

come to Sidon.
Shops closed hurriedly and

residents retreated to their homes as the fundamentalists

In Beirut, Mr Yassin Rajouh,

Syrien Information Minister, said in a newspaper interview that Damascus wanted to with-

draw 12,000 of its troops from

The men were needed for

other duties in Syria if the Lebanese could ensure their own security, he added.

Syrien troops, previous esti-

the eestern Beka'a Valley where

are due to pull back in the second phase of a three-stage

Lebanon survey, Pages 15-19

withdrawal from Lebanon.

Israeli troops in the Beka'a

not intervene.

Meanwhile, Israel hinted at a change of policy towards the Palestinians living under occu-Palestinians living under occupation on the West Bank and in the Gaza Strip when it deported the former PLO-Fatah commander in the Gaza Strip.

Mr Abdel Aziz Ali Shaheen was expelled to Lebanon late on Sunday night after the high court rejected his petition against deportation.

Israel expelled more than 1,000 Palestinians from the

## Hu vows China will keep on fighting Vietnamese BY MARK BAKER IN PEKING

leader, Hu Yaobang, has vowed that China will continue its fight against the Vietnamese along their border.

Hu was commenting after an unannounced tour of China's frontline military positions on the frontier in Yunnan Province with top-ranking officials of the People's Liberation Army

He commended the PLA forces for "defending the border and bitting hard at intruding Vietnamese troops."

A report on Hu's border tour, released by the official Chinese news agency, Xinhua, said it took place last week, but did not specify on which days.

(PLA).

Vietnamese troops crossed briefly into Thailand in hot pursuit of Khmer Rouge guerrillas during fighting near the border yesterday, but were repulsed by Thai troops, according to Thai military officers, Reuter

World peopled by refugees from rural poverty and over-

been disfigured by the shany townships which surround the cities of South America, Asia and the rest of Africa.

The panoply of Apartheid legislation has seen to that. The Group Areas Act, the influx con-

trol end pass legislation and the creation of so-called independ-

ent Homelands, has meant that

those blacks legally entitled to live in white areas inhabit separate black townships adja-cent to white areas. Those not

entitled live in rural homelands

Until now, South African cities, where most of the country's whites live, have not

crowding.

Hu told border troops during his inspection: "It is an important policy of China to remove the threat posed by the Vietnamese authorities against the security of its border regions and safeguard peace and stability in South-East Asia. "At no time shall we waver on this position."

#### Pakistan opposition leader rejects offer to be PM BY JOHN ELLIOTT IN KARACHI

PAKISTAN'S military régima Yesterday, Mr Jatoi, current has failed to persuade the leader of the hanned People's country's leading opposition Party of Pakistan, and a respolitician, Mr Ghulam Mustafa pected national figure, was put Jatoi, to become Prime Minis- under house arrest. PAKISTAN'S military régima

next Monday.

Gen Zia-ul Hag, who has been martial law President of Pakistan since 1977, has banned political parties from the election and is carefully vetting candidates.

A lot of politicians are standing as individuals, despite a boycott by their parties, and Gen Zia hoped that Mr Jatol would stand and then become his Prime Minister.

ter and lend credibility to a new administration that will be hours before be was arrested, formed after a General Election Mr. Jatoi revenied he had been

offered the Prime Minister's job during top-level contacts with-President Zis's regime in December, and sgain last He said yesterday that he refused last month's offer because the President "did not intend to restore Pakistan's

## **Taxpayers** may face bill for

BRITISH COLUMBIA taxpayers are expected to be asked

a much-needed boost to the British Columbia economy, is due to open in May 1986. But preparations have been dogged by controversy, including the fair's financial viability and the use of non-union labour at the

The provincial government initially boped that a shortfall between revenues and expenses (the latter are estimated at around C\$800m) would be met

by a special lottery. The lottery is expected to raise no more than C\$250m, leaving about C\$60m still to be found. Mr. Michael Bartlett, Expo's President said: "I don't

after studying last year's loss-making world fair in New Orleans. Some of Expo 86's staff have been laid off, a sports programme bas been curtailed and the performing arts budget

Although the theme of Expo '86 is transport and communica-tions, the organisers recently announced that they are to

visitors.

Fifty-one exhibitors including 35 countries and three U.S. states, have agreed to participate in the felr. Mr Bartlett, an experienced theme park manager, expects the number to climb to about 73.

to raise C550m by recruiting corporate "sponsors" along tha lines of those linked to the Los Angeles Olympics.

#### AMERICAN NEWS

#### **Panama** seeks U.S. support for budget

By Robert Graham in Panama City

SR FERNANDO VASQUEZ, Panama's Economy Minister, is this week holding key talks with senior members of the Reagan Administration in Washington to obtain assurance of U.S. budgetary support.

Sr Vasquez will also meet officials of the International Monetary Fund to explain details of the Government's proposed austerity package. A \$650m (£601m) standby credit from the Fund is dependent on the package.
President Nicolas Ardito Bar-

letta's Government needs the clear support of the U.S. Government and the IMF if month in office, President Ardito Barletta introduced a set of tax

increases that provoked violent protests. The severity of the measures coupled with the way they were presented angered his own Revolutionary Demo-cratic Party (PRD) and the opposition. As a result, the President was forced to withdraw the measures

in December, which meant that Panama had missed the chance of a voluntary agreement with

of a voluntary agreement with the IMF.

The IMF is demanding austerity measures from Panama as a condition for easing the burden of payment on the country's \$3.7bn foreign debt. This is one of the highest part centre foreign debt by the per capita foreign debts in the world, and represents over 75 per cent of GDP.

In Washington Sr Vasquez is

expected to explain the new proposals which seek to cover e \$164m budget deficit with a mix of corporate taxes, hiving off state owned assets and expenditure cuts. The Government has avoided proposing any tax that would directly affect the consumer.

the consumer.

The U.S. has sent \$54bn in budget support to Panama for 1985, the first such assistance in several years, plus \$18m in development assistance. However the Government is concerned that it may not fully cover the budget dedcit and would like assurances of additional U.S. support if necessary.
The Government is also try-

ing to squeeze some more revenue from the 1977 Ganal Treetry. In particular there is an unresolved issue of taxes

# The minister also said that occupied territorice between Syrian troops would not be a threat to Israe las long as they

# Alfonsin adopts low-key response to Belgrano row

BY JIMMY BURNS IN BUENOS AIRES

THE BELGRANO controversy in no wsy helps us in our efforts to gain recognition of our claim

recently by a high-ranking Argentine foreign ministry official, epitomises the curious attitude here to a controversy thet has stirred the imagination of the British medis and presented Prime Minister Thatcher and Mr Michael Reseltine, ber De-fence Secretary, with s serious challenge inside parliament. For contrary to what most British observers had been led

to expect, the circumstances of Raul Alfonsin came to power the sinking of the Argentine cruiser in May 1982 have failed to gain recognition or our classes to the Malvinas. If anything it makes negotiations with Britain more difficult."

Argentine public opinion beyond the official outcome yound the official outcome immediately following the event and distely following the event and the occasional newspaper trans-lation-without editorial comment-of what has appeared in

the British press.

Argentina officials, conscious of the bold which the state still has here on the local media, suggest that this low-key approach to the Belgrano incident responds to changes in dip-lomatic strategy which have taken place since President

"We want to show that there is a clear separation between the junta and this democratic as the "real issues"—the ques-government and to do that we tions of sovereignty, the lifting have to look towards the future of the exclusion zone, and tha and not bang on about the war," one official commented. Argentine officials interpret the Belgrano controversy as a British domestic political issua which has little to do with tha rights and wrongs of the Falk-

Belgrano controversy may distract British public opinion away from what are seen here Thatcher.

resumption of trade and diplo-matic relations—and risking playing into the bands of Mrs It is alleged bere that the Prime Minister still very much likes to "glory" in the mili-

lands dispute, but a great deal tarist dimension to the conflict. complained Admiral Horatio the Argentine military's version to do with the Labour Party's

The Alfonsin Government Zaratiegni, the former complained attempts—and to a lesser extent the Social Democrats—to toppla

Mrs Thatcher from power.

But they are worried thet the political establishment is still one of a number of people sidered by the British

views of the ruling Radical Party vis-a-vis the Belgrano incident and those beld by membars of the armed forces. "Tha Government is conscionsly trying to make us for-get about the war because it doesn't want to let the military take any credit for the past."

no strempt to hide their satisfaction with what Messers Dal-yell and Ponting have exposed. Their views ere shared privately by the current military high Indeed It is because they be lieve that every fresh revela-tion represents a vindication of

In particular there is a striking contrast between the

skilful wheeler-dealer as the

leading Congressional spokes-man for the tobacco lobby. And

back in 1980, he earned an incalculable credit with the present White House by turning

around Mr Ronald Reagan's faltering primary election cam-

paign. In a characteristic aggressive manocuvre, Sen Helms insisted that to win North Carolina, Mr Reagan had to

## Helms may need more than the moral majority

BY TERRY DODSWORTH IN NEW YORK AND NANCY DUNNE IN WASHINGTON



Senator Jesse Heims . . , sees himself as the defender of traditional American values of family and religion

of control, I am not sure what the rules would be," says Mr Ken Noble, of Paine Webber, the New York securities firm. skilful wheeler-dealer as the "The networks don't have a great many friends in Washington, but I would not be surprised to see legislation to prevent a takeover if we got to that point."

It is difficult to tell how much weight is being given to these arguments either by Mr Heims's supporters or Wall Street speculators. CBS shares have risen by around & since Fairness in Media declared its hand, and trading volume has mounted to roughly two-and-half times its normal level. But some of this might easily be explained by the overall buoyancy of the New York equity market, which has been reflected in both higher volume and prices of most media stocks and prices of most media stocks over the past mouth.

Despite these caveats, CBS is uncomfortably aware that it is very dangerous to under-estimate Mr Helm'a clout, or bis knack for selecting an issue that will mobilise the far right's renowned Moral Majority. He is, for a start, a brilliant

fund-raiser. His Congressional Club, put together to pay off debts from his first Senatorial campeign, bas sinca raised money for any number of conservative Republican causes, and is reckoned to be one of the most effective private political machines in the country. In his recent, narrowly-won fight to retain bis North Carolina seat against Governor James Runt, an extremely

carolina, Mr Reagan had to become much more hard-hitting on Russia, world Communism and the limits of detente—s change of tactics which swept the state out of the reach of President Ford, and put Mr Reagan on the road to the White House. CBS itself is certainly not ignoring the challenge. The broadcasting company has filed suit in a Manhattan court charging that the Fairness in Medic company is in the fairness in the company in the com Media campaign is, in effect, a political fund raising effort, and mada "false statements" to the SEC. It is also seeking to prevent the North Carolina group from getting access to its list of sharebolders.

Tha company adds that it will take all "appropriete" steps to maintain the independence of its naws organisation, aboselling

its naws organisation, appealing to the enthority of Mr Walter Cronkite, its most famous news-caster, as evidence of its impartiality. "Walter Cronkite used to say that be bad never received a call from the cor-poration saying that be should or should not use a story," says

the company.
This is beginning to look like populsr moderata Democrat, Mr one of those stories that could Helms raised and spent a record run and run.

# deeply divided about the precise linked to the former military lessons which should be drawn regime — they include former In particular there is a Foreign Minister Sr Nicanor striking contrast between the Costa Mendez — who bave mada **Expo '86**

payers are expected to be asked to help finance. Vancouver's ambitious trade and transport fair. Expo '86, following an estimate by organisers that the fair will chalk up an unexpectedly high deficit of more than C\$300m (£204m). The fair, intended to provide

construction site.

know bow or where (the government) is going to get

The ultra-conservative government of the province aarlier promised that no taxpayers funds would be used for tha Project.
The Vancouver organisers cut

the estimate of visitors to Expo '86 from 15m to 13,7m

spend CS5m to bring the Tutankhamen exhibition to Vancouver for the fair. Mr Bartlett said some fundair rides have also been added to attract

climb to about 73.

He said that construction is on schedula and the bulk of the work will be completed by November. The organisers hope

# mounted soma exceptionally provocative attacks against the

lina bible belt to become a leading Republican politician. But his latest effort, a bid for control of CBS, America's premier broadcasting network, could well be his most controversial yet. The move against CBS has all the trademarks of a typical Helms campaign. A former radio journalist himself, Senator Helms has built his very con-siderable Washington presence

liberal establishment since ha

emerged from the North Caro-

on a populist oratorical style aimed dead centre at arch-conservative phobias. Like President Reagan, he sees himself as a defender of the traditional values of family and religion. But Senator Helms is unquestionably at his best when on the attack, lambasting the liberals for what he sees as the destruction of American values — "atheistic schools, rampaging crime, Godforsaken homes, drugs, abortion, porno-graphy, permissiveness and a sense of cynicism and spirital desolation unprecedented in our country'a history," as be

Government and the limit is the present economic package is to stand a chance of public acceptance.

SENATOR JESSE HELMS, bero says that one of the company's commentators, Mr Bill Moyers, of the American far right, bas commentators, Mr Bill Moyers, is commentators, Mr Bill Moyers, acceptance. it appear that President Reagan's policies were burting the poor." CBS, added Senator Helms, "refused to give President Reagan the chance to give "is side of the story."

According to documents filed with the Securities and Exchange Commission (SEG), the administrative body for the securities industry, Fairness in Media is aiming to place two directors on the board of CBS. The pressure group says that it is considering a proxy fight in which it would seek to persuade sharebolders to elect the directors, and that it is in "discussions" with third parties over transactions seeking control of the company. According to documents filed trol of the company.

The letter sent out to poten-

tial supporters leaves little doubt that Sen Helms is deadly aerious in this bid for control. Just to cover the cost of mailing and telephona solicitations, ing and telephona solicitations, Fairness in Media is seeking \$500,000. The money will be spent by Jefferson Marketing, a North Carolina publicity outht linked to the Congressional Glub, the political organisation, which runs all of Mr Helm'a campaigns.

broadcasting group is valued at There are other reasons, \$2.36bn, so control (or just over apart from money, for a degree desolation unprecedented in our country's history," as he write in one memorable fulmination.

Why Senator Helms has decided to take on an organisation, but the company's offence is obvious anough. A fund-raising letter seot out to Im conservatives by Fairness in Media, a pressure group established for talks of combating the "flagrant bias in the liberal news media."

It charecterises CBS as "the most snti-Reagan network," and the political organisation, and distory," as he which runs all of Mr Helm's campaignation, the political organisation, and the not inconsiderable personal around \$1.2bn. If every contained the not inconsiderable personal the not inconsiderable personal the not inconsiderable personal too "several thousands"—or slone, a majority would require around \$1.2bn. If every contained the not inconsiderable personal toost of \$796 before commission, a majority would require an elaborate procedure for the not inconsiderable personal toost of \$796 before commission, a majority would require around \$1.2bn. If every contained the not inconsiderable personal toost of \$796 before commission, a majority would require around \$1.2bn. If every contained the not inconsiderable personal toost of \$796 before commission, a majority would require around \$1.2bn. If every contained the not inconsiderable personal too is stone, a majority would require around \$1.2bn. If every contained the not inconsiderable personal toost of \$796 before commission, a majority would require around \$1.2bn. If every contained the not inconsiderable personal toost of \$796 before commission, a majority would require the not inconsiderable personal toost of \$796 before commission, a majority would require to a bidder; any take-over would also have to be epiroved by the Federal formations Commission, and this serious, the cBb shares were some analysts believe that a takeover move against one of current going rate for U.S. would prove would also have to be epirous, the cBb shares were some analysts believe that a takeover move against one o

strikers

income from its reinsurance of PICC policies.

Are Willey said it was a median factory in Xian and incinde a detailed problem a number of joint venture com- that has arisen over insuring income from its reinsurance of PICC policies.

Mr Miller said it was a good tima to be looking for new business. "Apart from the U.S. national markets have burned their fingers in the international field and are very chary of taking on international business."

Lloyd's offers reinsurance to China

discussions with Chinese authorities that could establish the London market as the premier reinsurer of China's rapidly-expanding industrial assets.

Mr Peter Miller, chairman of Lloyd's, is to visit six Chinese mainland cities in April and May at the invitation of the People's Insurance Company of China (PICC). As the first Lloyd's chairman to visit the country, Mr Miller is expected to meet Deng Kisoping, China's paramount leader and author of the open-door policy.

Although long connected with China, Lloyd's is taking the relatively small sum of \$125m (£113.5m) a year in premium

More generally, Mr Miller will be looking for opportuni-ties in the aviation and shipping industries in catastrophe cover against flood and earthquake, and in China's space programme. The London market already has a stake in the insurance of 51 of its aircraft.

The Chinese may elso wish to discuss risk-sharing for agricultural crop failures, especially where commodity exports are part of a counterpurchase deal with a foreign trader or investor.

ships against the risk of war. The Lloyd'e standard policy refers to automatic cancellation in the event of war between the "five great powers." The fact that this formulation includes China has apparently stirred Chinese aensibilities.

Mr Millar's visit could open the way for individual brokers and underwriters anxious to advise the Chinese on their developing domestic business insurance market. This includes plans for compulsory occupa-tional pension schemes, the fiedding house markers trader or investor. fledgling house mortgag
The chairman's agenda will market, and export insurance.

#### Japanese **VCR** production rises 50%

JAPANESE output of video reached an all time peak of 27.12m units last year, as exports to the U.S. alone mora than doubled.

Preliminary figures re-leased yesterday by the Electronics Industries Association of Japan closely paral-lel those disclosed earlier by the Government. They also show that VCR exports to the European Community fell by 19.2 per cent to 3.76m units, or below the 2.95m set celling (including kits) nego-tiated for calender 1984 between Japan and the EEC. between Japan and the EEC.

Of the overall output, which was half as much again as the 18.22m units of 1983, export shipments amounted to 22.07m, np 44.8 per cent, while domestic shipments rose by 16.8 per cent. VCR penetration of the Jepanese domestic market is now estimated to be about 20 per cent.

The IIS sleeps took in

The U.S. alone took in 11.51m units, up from 5.44m in 1983; its share of Japanese VCR exports rose from about 35 per cent to 54 per cent. Nor did there appear to be much drap-off after the Olympics, the anticipation of which had spurred earlier buying. In December alone, Japan shipped 1.17m sets to the U.S., 82 per cent more than in the same month of

The vast U.S. appetite also spilled over into output of colour televisions, which totalled 14.48m units, a 14.4 per cent increase, the first double digit advance in four

dropped 1.3 per cent, exports rose by nearly ene-third to just under 6m units, with the U.S., where colour TVs are also used as personal computers monitors, accounting for 1.2m, 82 per cent up on

tacular advance was recorded by exports to the People's Republic of China, which rose more than sevenfold to reach 1.05m sets, not far short of

free trips to their employees as part peal had been rejected, said it was of their remmeration will get tax the Malaysian Government'e right 1.05m sets, not far short of the U.S. total. In December, shipments to China easily outstripped those to the U.S., rising to no less than 305,800 completed nots Foreign airlines protested that Mr Daim reiterated the move was this move was discriminatory and aimed at improving the country's violated rules of the International balance of payments.

## Nigeria planning second issue of promissory notes for trade debts

The second tranche of promis-sory notes as part of the December, Nigeria did offer to rescheduling of Nigeria's trade pay interest on such verified rescheduling of Nigeria's trade debt screams is due to be debt despite the ebsence of a issued early next week, eccording to bankers in both Lagos and London.

Lago Analysis The exact security is a control of the con

reschedule the uninsured trade debt arrears that had accumulated mainly in 1982-83 with an issue to trade creditors of sixyear promissory notes with a 2½ years grace period, carrying interest at 1 per cent above Libor.

The first tranche of notes, of \$220m (\$227m), was issued late

The first tranche of notes, of larger.

\$250m (£227m), was issued late last year, and next week's issue is believed to cover about \$300m, but the actual note issue is likely to be rather less than half this amount. This is part of a larger multilateral because the \$300m includes a settlement through the Paris substantial element of insured Club and that this, in turn, must trade debt, the rescheduling of which has still to be agreed by a Nigerian agreement with the International Monetary Fund.

BY FRANCIS GHILES AND JAMES BALL

and London.

Last April, the Nigerian Government agreed to reschedule the uninsured trade debt arrears that had accumulated mainly in 1982-83 with an issue to trade creditors of sixupear promissory notes with a 2½ years grace period, carrying interest at 1 per cent above the first tranche of notes of larger.

The first tranche of notes of larger.

larger.
The export credit agencies

Spanish-Algerian gas deal near

Bankers estimate total claims submitted by exporters in respect of both insured and uninsured trade arrears et between \$7bn-\$8bn.

ing the uninsured arrears provides that by late March, Chase Manhattan Bank in London, which is assisting the Central Bank of Nigeria in this complex exercise, will have sent details to the CBN of the confirmed amounts.

The next stage of the exercise will be for the CBN to inform the Nigerian banks who, in turn, will bave to confirm that the naira owed by Nigerian importers in respect of these trade claims has been deposited with them. This task is due to be completed by the end of

April.

The actual issue of the bulk of the promisery notes—a further \$2.5bn upwards for uninsured trade claims—is to

#### World machine tool output grows by 6.5% BY ANDREW FISHER

WORLD MACHINE tool output move ahead for the first time since 1980 last year with 2 6.5 per cent rise in dollar terms to a value of \$20.8bn (£18.9bn). according to latest estimates from American Machinist from A magazine.

Among leading producers, only Japan and the U.S. showed major advances. But the higher value of the dollar meant most of the output rises expressed in other countries' own curencies were turned into declines in terms of the U.S. currency.

Tha improvement in production during 1984 followed three years of substantial decline from the 1980 world peak of \$26.7bn.

FOKKER, the Dutch aerospace

that is a subsidiary of Luft-hansa, has ordered six of the 50-

DLT buys Fokker 50s

FOKKER, the Dutch aerospace or company, has received its traila's domestic airline, indisecond order in as many months cated that it would buy 10 for its new Fokker 50 in a purpose of the company of the cated that it would buy 10 fokker 50s and take an option

chase that is hoped will set a trend for the airline industry, Laura Raun reports from Amsterdam.

Deutsche Luftverkehrsgesell-schaft (DLT), a regional carrier on short-haul routes, The Dutch that the carrier of the constant that the control of t

seat propjets and taken an used on high-frequency, option on a further six. The con-regional networks.

tract would total Fl 300m. DLT will take delivery of the (£75m) if- all - options - were. - first in February, 1987, and use exercised.

WOR	LD MAG	HINE TOO	OL OUTE 4 (1983)		TRADE	•
	Pre	duction	6	cports	in.	nports .
Japan	4,570	(3,541)	1,492	(1,264)	161	(171)
W. Germany	3,022	(3,193)	1,968	(1,950)	457	(453)
Soviet Union	2,953	(3,077)	236	(246)	1,398	(1,448)
U.S.	2,450	(2,106)	400	(406)	1,400	(946)
Italy.	1,036	(1,037)	578	(593)	194	(182)
Other countries	6,475	(6,576)	3,948	(3,934)	3,413	(3,566)
World total	20,806	(19,530)	8,822	(8,393)	7,015	(4,766)

a machine tool exporter, last now account for e third of year accounted for 22.4 per cent the country's output. of world output, up from 18.1 per cent the year before.
The U.S. lifted its share from 10.8 per cent to 12.7 per cent. This was the combined effect of a 26 per cent rise in production

company hopes to exploit the growing market for aircraft

The U.S. lifted its share from 10.8 per cent to 12.7 per cent. This was the combined effect of 26 per cent in 27 per cent. This was the combined effect of 28 per cent rise in production and Italy was stagnant in dollar terms. Japan, where the yen's value against the dollar was little changed, registered a 32 per cent jump to \$4.7bn.

The U.S. lifted its share from 10.8 per cent to 12.7 per cent. This was the combined effect of 26 per cent rise in production and of the strong dollar in reducing the stated value of other countries output. Consumption in Japan soared by 28 per cent to \$3.1bn aided by 28 per cent to

exemption if they travel by MAS.

Airlines' tax plea rejected

THE MALAYSIAN Government Air Transport Association, although has rejected appeals by foreign air-lines to drop a controversial tax measure designed to favour Malay-ported the protest and have written

sian Airline System (MAS), the na- to the Malaysian foreign ministry

tional carrier, writes Wong Snlong to make their feelings known.

In Kwala Lumnur.

Mr Daim Zainuddin, the Malay

last October, companies which give firmed that the foreign airlines' ap-

Under the measure, introduced sian Finance Minister who con-

to make such a move.

twice as high as domestic output, with imports filling the gap. Consumption was up by 38 per cent to \$3.65bn, putting the U.S. second behind the Soviet Union at \$4.1bn.

Ontput in West Germany actually showed a 5.5 per cent rise, but that was translated by the strong dollar into a 5.4 per cent

strong dollar into a 5.4 per cent drop in the final figures of American Machinist.

Source: American Machinist

Source: American Machinist

Domestic orders in D-Mark terms went up by 41 per cent and those from abroad by 28 per cent in the first nine months of 1984. Mr Gntman Habig, economist for the Shinshichi Abe, executive director of the Japan Machine Tool Builders' Association, as saying domestic recovery was the key reason for the industry's mish.

Though domestic shipments

the previous year. But an even more spec-

pay an official visit to Algeria The broad lines of the draft agreament reached between M Belkacem Nabi, the Algerian

Minister of Energy, and Sr Alfonso Guerra the Spanish Deputy Prime Minister, include:

Sr Felipe Gonzales, the Spanish Prime Minister, is expected to

SPAIN and Algeria are close to clause included in the initial than 1.5bn cubic metres a year. Contract.

According to the latest issue of International Gas Report, theire its original claim of \$800m for gas bought but not lifted and accept the balance partly in goods and services.

Agreement by Craim to the latest issue of International Gas Report, the new price for the gas will rise from \$2.79 to \$3.94 per million British thermal units, bringing it into line with prices. settling their long running dis-pute over Algerian exports of Agreer liquefied natural gas (LNG) to belve its of Spain. If agreement is reached, for gas b

Agreement by Spain to double the level of its 1984 Algerian

of other recently renegotiated European LNG contracts.

LNG liftings of 1.32bn cuble increasing gas feedstock sales to its ferminer industry.

LNG liftings of 1.32bn cuble if these terms of settlement are confirmed, they will provide a considerable boost to Spanish exports to Algeria which, last year, fell by one third from the confirmed of the conf Minister of Energy, and Sr Alfonso Guerra the Spanish Deputy Prime Minister, include:

• Agreement by Spain to pay compensation for the LNG it had contracted to buy but not lifted under the take-or-pay creasing gas feedstock sales to exports to Algeria which, last year, fell by one third from the initially agreed the initially agreed to here insist on the initially agreed to here will also allow once again for contracts in a here lifted more with success in recent years.

## Madrid to settle policy on hi-tech curbs

BY DAVID WHITE IN MADRID

THE SPANISH Government is Nato, expected to decide tomorrow on Spain is currently tha only what kind of commitment it is Nato country apart from Iceland

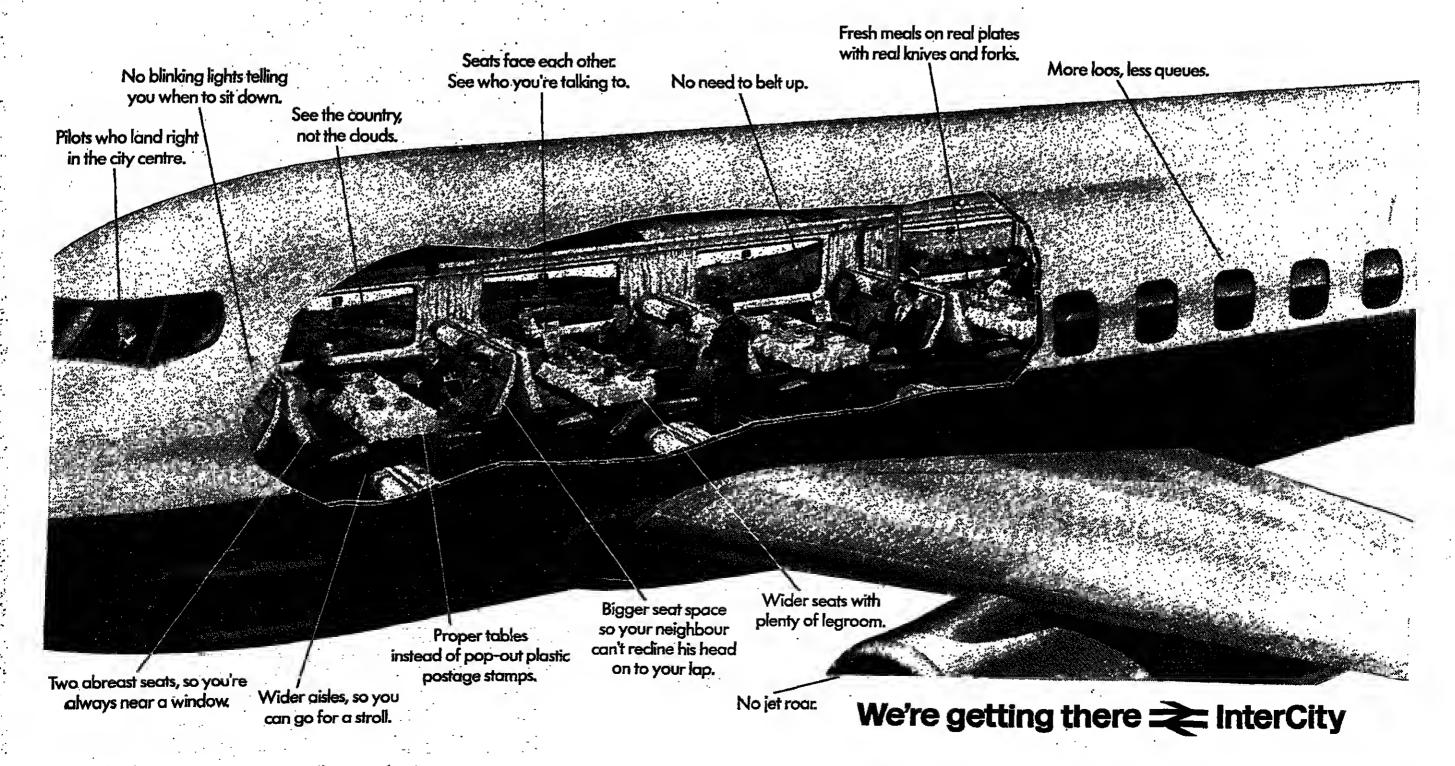
U.S. pressure on Spain for a of ser formal commitment restricting how, the resale of technology that can be put to military as well have can be put to military as well have made a formal request to ments in high technolog as civilian use has contributed Spain last September to start U.S. companies and the ple to controversy in Spain over negotiations on the issue and, visit, of President Restations with the U.S. and with as an alternative to Spain's Reagan to Spain in May.

joining CoCom, put forward a draft of a bllataral agreement. The Spanish Cabinet is be-liaved to have discussed the question on at least three prepared to make on controlling not to adhere to CoCom, the technology exports to East bloc countries.

U.S. pressure on Spain for a of sensitive products and knowoccasions without reaching a decision,

The U.S. is understood to sing in view of pending invest-U.S. companies and the planned

# How to improve a plane.



Laxpaie may lac

cost cuts

list to be

amended

A GOVERNMENT am

is imminent on revisions to the limited list of drugs which will be evail

Adde in the National Desire Services
(NHS) from the beginning of April,
Peter Riddell writes.

Mr. Norman Fowler, the Social
Services Secretary, is expected to
make an early House of Communication.

statement possibly later this week announcing changes in the list. This follows vigorous protests about the original proposals, from both the drug industry and from dictors.

as well as the report of an a

group under Mr Donzid Acht the Government's Chief Medica

was to save about £100m out of the Government's £1.4bn simusi NHS drugs bill by requiring docides to substitute generic or similar drugs.

only about 10 per cent of drugs used

Main changes will be in the cate-gories of laxatives and pathkillers

partly to deal with the special prob-lems of cancer patients as well as

the needs of children.
The Government believes that this substantially revised list will

this substantially revised list will meet the worries of doctors without interference with clinical needs. The savings may be reduced by around £20th or so a year, mit if the original £100th, but the believe is likely to come from reductions in drug company profits.

☐ FLEET HOLDINGS - owners of the Express group of national news-papers – said it was talking to Aitke Hume, the financial services group,

to "explore ways in whick the two companies might form a mutually beneficial association."

The statement came after intense

diversity from newspapers and magazines. Last month there was spaculation that Fleet itself might receive a takeover bid from United Newspapers. United bought & 15.76

per cent stake in Fleet from Mr Bo-

bert Maxwell's Pergamon Press.

Lex Page 18, Details, Page 24 I SOME of Britain's catheorals are

to become experimental stres for the sharp of expression of slopework

mission has accepted a proposal by the Gentral Electricity Generating

will be headed by Professor Jacques

Heyman, a Cambridge engineer.

in the NHS generally.

#### Court refuses to lift order for seizure of NUM assets

In the High Court yesterday, Mr Justice Nochells, who ordered the the court and it was still trying to to date have been estimated at frustrate sequestration by strenumore than £300,000.

ously resisting the recovery by the sequestrators of its assets abroad.

Court-appointed receiver of the assets of the National Union of Mineworkers (NUM), has failed in his atstice as official. Mr Arnold paid ternt to have the sequestration or- the fine last month out of £4.9m of der against the union ended or sus- union funds he had recovered from

questration would be neither a satsequestration last October, said isfactory nor a practical alternative, that the union had still not purged He said that Mr Arnold could pay its flagrant contempt. Its attitude the sequestration costs out of NUM was still one of "open defiance" of funds he had recovered. Those costs

claims by Mr Arnold, a senior insolvency partner in the accountants last October after the NUM failed to Arthur Young, that he was not ac-

union's assets.

in Price Waterhouse - argued that Mr Arnold was answerable to them and that they should remain in office until they had completed their altogether different. They had been task of seizing all the assets. The judge said it was important to distinguish between the func-

tions of the receiver and the seques-The receiver had been appointed to replace, on an interim hasis, the

NUM's trustees - Mr Arthur Scar-

Unfortunately

dangerous substances don't always come

in easily

recognisable packages.

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Do not breathe vapour

In case of insufficient ventilation w

■ Keep away from sources of kg

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Health & Safety Executive

The Classification, Packaging and Labelling of

when new

suitable respiratory equipment.

refinishing fast thinners

unfit to continue, for the time being, bers; and that costs would be saved as trustees of the union being, if he alone were left to gather in the

The receiver stood in the trustees' shoes as regards the union's proper-ty, which he was concerned to pro-

test for the benefit of all the union's The sequestrators' function was come and hold them until the con-

tempt fine had been paid and the union purged its contempt. "In the discharge of these duties, sequestrators' right to posses sion of all the property of the NUM

countable to the sequestrators; that his duty was to hold the union's funds for the benefit of its mem
square for the benefit of its mem
unfit to continue, for the time being, union property in the hands of the union property in the hands of the trustees whom he replaced or in the hands of anyone else."

> That, the judge added, was subject to any contrary directions which the court might give from time to time. The court retained control of both the receivership and

> The judge noted that Mr Arnold had not claimed that the sequestration impeded him from using funds for the benefit of union members. All of the £4.9m he had recovered from Laxembourg was spoken for

## Strike cost expected Drugs on to carry borrowing above target level

BY PHILIP STEPHENS

THE BRITISH Government's fimances swung back into surplus last derlined last week by figures show month, pushing the public sector ing that Britain's Central Electricity deficit for the first 10 months of the Generating Board may suffer a current financial year down to

The £2.4bn surplus on the public ector borrowing requirement (PSBR) in January, generated by esty seasonal tax payments, was, however, at the low end of market

- The general view last night was that the cost of the 49-week-old miners' strike would mean that borrowing over the full year to March would still probably overshoot the UK Treasury's latest £8.5bn target oy a significant amount.

The market estimates that the miners' strike will add about £2.5bn in borrowing this year. In addition, the PSBR has been inflated by overruns on departmental spending and by above-target local authority

These are expected to more than offset extra oil revenues from the kers are forecasting a PSBR for the year of £9.5bn or above.

The UK Treasury has not revised nowards its forecast but concedes that the figure is out of date because it assumed that the miners' strike would end last December.

ing that Britain's Central Electricity Generating Board may suffer a 52bn loss this year, almost entirely because of the extra cost of burning

oil rather than coal. Yesterday's statistics show that spending on supply services, which represents most of government current spending, rose by 7.7 per cent in the 10 months to January against the same 1983-84 period. The target set in last year's budget was 5.8 per cent.

In January alone, however, the Government's finances benefited from the usual heavy seasonal tax flows and from additional revenue of about £500m resulting from new rules on valued-added tax on im-

Spending, however, was pushed drugs bill by requiring doctors to up by unusually high rate (local substitute generic or similar drugs taxes) support and student grant. The restricted list will account for payments and by advance payments to the EEC.

For the financial year which be gins in April the Government's medium-term financial strategy as-sumes a PSBR of £7bn, and the general expectation is that a figure very close to that will be confirmed in the UK budget to be presented

Lex, Page 18

## De Lorean auditor rejects allegations

ARTHUR ANDERSEN and Company yesterday denied "unequivocal-, tally silent" in view of the publicity by allegations made by the British surrounding the writs. Government's Northern Ireland Depertment of Economic Development in a suit seeking \$270m damages from the accountancy group over the failed De Lorean sports car

The suit, filed by the department in New York, alleges that the accountancy group, the world's largest, which acted as auditors to the De Lorean companies, was negligent in failing to uncover accounting irregularities and that it practised public accounting functions
Transported by and with gross incomget, although it is not incommon

branches in Britain and the Irish blic. The department said it had also issued protective writs in London and Belfast, although these

Yesterday's statement, issued by the London and Dublin offices, said that while the group "sympathised" with the department's desire "to seek redress for losses associated with the De Lorean venture, we believe that redress is being sought in

"We regret that the department has seen fit to implicate this firm in its efforts to obtain restitution.

"We unequivocably reject the allegations, which are without foundation, and we are confident that the suit will ultimately fail." Some £17m of UK taxpayers'

Mr Don Hanson, Arthur Andersen's managing partner in London, said that, although the writs had been served in New York, he felt it

Tickets pact 'unlawful'

speculation in the City of London that Fleet was hoping to take over Aitken Huma. Fleet has made no secret of that fact that it washes to

There is a limit to what one can say in these circumstances," he said. He added, however, that "the (House of Commons) Public Accounts Committee has done a very thorough investigation. This was strongly critical of De Lorean and various government departments. Arthur Andersen were auditors to the company - we took no part in reviewing or assessing or reporting

Transdulently and with gross income get, although it is not incomined peterncy."

The suit names the U.S. branch of where people lose money or a comArthur Andersen, as well as play goes down."

that the auditors knew of irregulari ties in De Lorean's affairs but failed to bring them to the attention of either the British Government or the car company's investors.

A similar action has already been filed against the accountancy group by the liquidators of the De Lorean holding company in the U.S.

Yesterday's rejection of the allegations coincided with publication of another report from the Public Accounts Committee, dealing with the Northern Ireland Department of Finance and Personnel's response to the fierce criticisms mada the committee of Northern Irend officials' handling of the entire

De Lorean affair. In it, Mr George Quigley, the department's Permanent Secretary sought to reassure the committee that the department's initial response in November had not represented a rejection of many of the

#### The House of Commons select committee on the environment last year criticised the CEGB for allegedly accelerating corrosion of stonework by power-station emissions of sulphur dioxide. It was par-

ticularly concerned about the deterioration of St Paul's Cathedral in London and York and Lincoln cathedrais. ☐ THE GOVERNMENT is likely to set up a separate regulatory body to supervise the development of com-

munity radio.
The BBC, the Independent Broadcasting Authority and the re-cently formed Cable Authority are all being considered for the regulatory role, but there is a view in the Home Office that a separate author-

ity may be required, Mr Leon Brittan, the Home Secretary, envisages two forms of com-munity radio. One would use a lowpower transmitter to broadcast to the immediate neighbourhood. The other would involve broadcasting across a wider area to "communi-ties of interest" such as ethnic mi-

The more liberal approach to community radio is being combine with a crackdown on unlicensed "pi-

☐ LEGAL proceedings will open to-day against Mgr Bruce Keat, gen-eral sacretary of the Campaign for Nuclear Disarrament, for non-payment of tax.

Mr Kent said he had withheld

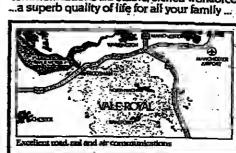
some tax because of Britain's refus-al to reject the first use of nuclear weapons. "I am quite willing to pay the money to any legitimate nation al enterprise," he said "I am pre-pared to fight this all the way."

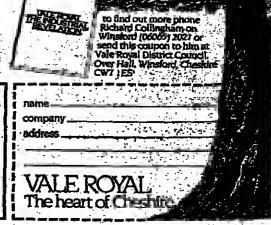
### HAND - DELIVERY IN PARIS

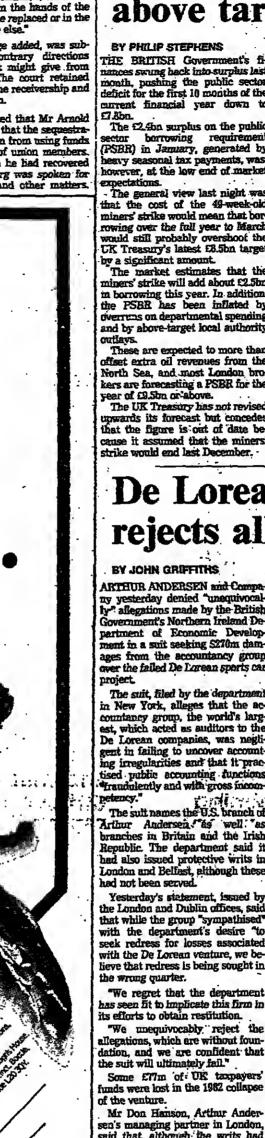
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labelling regulations Dangerous Substances Regulations 1984 come into force on January 1st 1986. With few exceptions they cover all dangerous substances when supplied or transported. This means your current packaging and labelling needs to be reviewed now. Send for your guidance pack right away which contains the Regulations and all the

THE WAY was cleared yesterday for theatre tickets in London.

The Office of Fair Trading (OFT) ruled that a nine-year agreement between the Society of West End Theatres - representing most of the West End of London's theatre managements and ticket-selling agencies - was unlawful. The agreement controlled the lev-

el of discount a thestre manager could offer a ticket agency and the booking charge an agent could add

Although the agreement had been registered under the Re-

THE WAY was cleared yesterday strictive Trade Practices Act, the for a free and uncontrolled market OFT said it was contrary to the public interest and had to end.

About 20 per cent of London's West End Theatre tickets are sold through agencies, but that percen tage has been increasing as a resulf of the high volume of U.S. tourists

"Theatre managers can now adapt their prices to the market and give heavy reductions on unpopular shows," the OFT said yesterday. "This action returns commercial freedom to the theatre ticket mer-

rugs og'

ost cuts



# A Statement by the Prime Minister of Papua New Guinea on the closure of the Ok Tedi Gold and Copper Mine.

On 1st February 1985 the interim operating licence for the Ok Tedi Goid and Copper mine, In Papua New Guinea's Western Province, expired. Following the failure of the mine operator, Ok Tedi Mining Limited, to meet conditions specified in the interim licence, the Government of Papua New Guinea has not renewed that licence. The company has been given until 28th February to effect the closure of the mine in a safe and orderly manner.

The decision foilows a breakdown in negotiations between the Government and its fellow shareholders in Ok Tedi Mining Limited; Broken Hill Proprietary Limited of Australia, Amoco Minerals of America and a West German consortium made up of Metaligesellschaft A.G., Degussa A.G. and D.E.G.

The negotiations were held in order to obtain a commitment from the company to continue the project along the lines specified in the contract signed by the company and the Government in 1980. The basis of this contract was the extraction of gold ore and subsequently the development of a copper mine with an estimated life span of twenty-five years.

Every indication is that the company intends to develop only the gold resource and is no longer committed to proceeding with the copper mining project. This is apparent from its failure to comply with specific contract conditions for the construction of:

(a) A permanent tailings dam
(b) A hydro-power scheme
(c) A copper processing facility

compliance with all of these conditions is necessary for the development of a long term copper mine.

The company argues that the price of copper has fallen and that as a result the development of the copper resource is no longer economic. The Government rejects this argument. Copper prices are cyclical and the current low price cannot be taken as a guide to investing in a mine with a twenty-five year life. Furthermore, as the shareholders have stated publicly, Ok Tedi is a "World Class" resource due to the goid contained in the copper ore.

The Government acknowledges that Ok Tedi is in a remote area and that it is consequently difficuit to develop. For this reason it has been tolerant of previous failures to meet deadlines for various developments and has renegotiated several aspects of the contract. In order to assist with the development of the infrastructure necessary for the development of the copper resource, the Government has agreed to virtually forego any revenues, including direct taxation, during the gold mining period.

At all times the Government has made every effort to see the company's point of view and assist wherever possible. In the course of the recent negotiations it has offered the company a two year breathing-space on the deadline for the construction of the copper facilities and has also offered to meet the first two-year's cost of the hydro-power scheme.

The Government believes that Ok Tedi remains a sound commercial proposition and has no doubt that the development of the resource will continue over a long period of time.

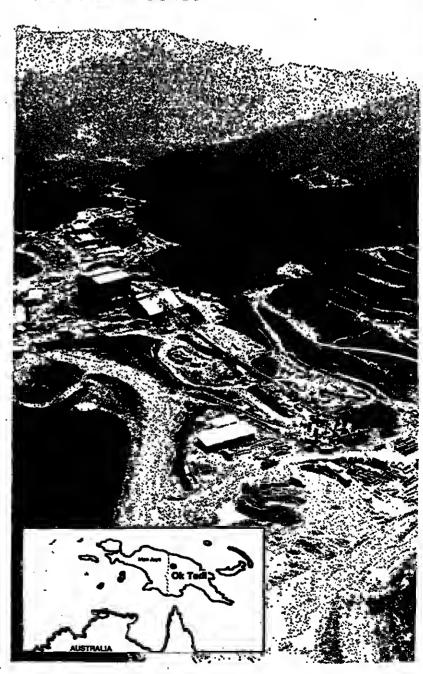
The Government is now taking steps to ensure that Ok Tedl Mining Limited meets its legal and

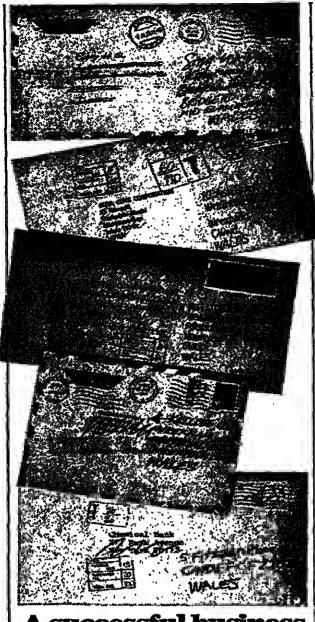
moral obligations, along the lines specified in the contract. It believes these to be in the long term interests of Papua New Guinea, its People and its environment.

This is purely a contractual dispute between the Government and Ok Tedl Mining Limited. It has no bearing whatsoever on other contracts and arrangements into which the Government has entered.

Papua New Guinea is a democratic country and is a member of the British Commonwealth. The Government's policy of welcoming foreign investment is unchanged and it looks forward to continuing mutually beneficial relationships with overseas investors.

M.T. Somare, Prime Minister.





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## Motion backing **EMS** supported by 26 MPs

BY OUR POLITICAL CORRESPONDENT

PRESSURE from MPs for Britain's PRESSURE from Mars for Britain's full membership of the European Monetary System (EMS) has increased at Westminster with the tabling of a motion backed by Mr Geoffrey Rippon, the former Tory Cabinet minister, and by Mr Roy Jenkins, the former leader of the

It calls upon the Government to take the necessary steps to become a full member of the EMS without further delay. All the 26 signatories so far are Conservatives apart from Mr Jenkins and Mr Richard Wainwright, the Liberal Party's economic spokesman.

The main backers of the motion

are Mr Hugh Dykes, the secretary of the European Movement, Sir Bernard Braine and Sir Michael Shaw as well as a number of senior Tory back benchers.

In addition, Mr Edward Heath, the former Conservative leader, has also strongly urged Britain's mem-bership of the exchange rate mechanism of the EMS.

The Bank of England and the Foreign Office also believe that the time has now come for Britain to join the system which has been esablished for more than six years. ling/dollar rate, not the stering So far, there is no evidence that tablished for more than six years.



Mr Edward Heath: Strongly urges EMS membership

either Mrs Margaret Thatcher, the Prime Minister, or Mr Nigel Lawson, the Chancellor of the Exche-quer, have been persuaded of the

merits of the case. They have argued that it would have made no difference to the pound in recent months to have been a member of the EMS given that the pressures were on the ster

## Cost of video piracy cut by £17.5m in past year

VIDEO PIRACY in the UK has been reduced from 30 per cent of the market to about 20 per cent over the past year, the Federation Against Copyright Theft (Fact) said

The cost of piracy had been cut from £40m to £22.5m at trade prices over the year.

We are winning the battle against piracy. We have saved something like £17.5m over the past 12 months, and that goes to keeping people in jobs," Mr David Rozalla, managing director of Warner Home Video and vice-chairman of Fact

Mr Rozalla estimated the size of the video cassette market in the UK at £113m last year.

The anti-piracy breakthrough has come from a secret system of marking films which has allowed Fact investigators to discover which cine-

ma original prints were stolen from.
The marked films enabled us to track down and convict leading criminals involved in a multi-million-pound video piracy operation," said Mr Peter Duffy, a former head of the anti-terrorist squad at Scotland Yard and now director of investigations at Fact.

Peter Riddell discusses Thatcher's visit to Washington

## 'Frank talk' between friends

In public, there has been the rates with a reduction in govern-In public, there has been the warm and frequent celebration of the Anglo-American "special relationship" and praise of the U.S. was embarking on its supply-side experiment. It business culture. That approach, no doubt, will be predominant during the Prime Minister's two-day visit to Washington, which starts later the U.S. was embarked out that large-scale tax cuts would stimulate output sofficiently rapidly to boost tax revenues and so offset any initial rise in which however the control of the c

been and are tensions and reserva-tions over both foreign and econom-ic policy. Mrs Thatcher regards any differences as no more than frank talk among friends. This is true up

Thatcherism and Reaganism. however, for all their rhetorical similarities and common electoral success, have developed in differing and at times conflicting ways.

On economic policy, for example, there has been a marked divergence. When President Ronald Rec gan took office in January 1981 (19 months after Mrs Thatcher), a common view among U.S. conserva-tives – even one held by Mr Donald Regan, the Treasury Secretary was that the UK experience was a warning. It was not an example to he followed

The word "Thatcherisation" was used to mean a failure to imple-ment promised policies. Mr George ment promised policies. Mr George Gilder, one of the main apologists for the New Right, warned of the

attitude to the U.S. has always been who has failed to combine the reduction in basic monetary growth

Mr Nigel Lawson, the UK Chai-ceilor of the Exchequer who was at that time the Financial Secretary to the Treasury, described this propo-sition as "simply too good to be true." British ministers favoured fiscal and monetary orthodoxy and the belief that tax cuts should accompany, rather than anticipate, reduced public expenditure and should not risk an increase in bor-

growth in U.S. output, the large federal budget deficit and high real interest rates - have confounded or confirmed the prophets, according to taste. At any rate, U.S. criticism more muted. Yet the dollar's levitation act has produced many prob-lems for Europe and complaints from Mrs Thatcher and her minis-

The Prime Minister will no doubt

adopt a softer approach, praising the Reagan Administration for what it has already done, rather

than being too critical.
On foreign policy questions, Mrs
Thatcher has often proclaimed a
view of the global Soviet threat similar to President Reagan's. But there have been frequent strains. In President Jimmy Carter's time there were doubts over sanctions against Iran.

Since 1981 there have been dissmeet 1951 there have been disagreements over U.S. opposition to European participation in the Soviet gas pipeline (with related issues of extra-territoriality), over unitary taxation, over Washington's initial equivocal diplomatic attitude during the Falklands war flater more than overshadowed by the considerable secret intelligence and material help), over the invasion of Grenada and, most recently, over the so-called "star wars" proposals.

Mrs Thatcher has always been keen to minimise these tensions yet they have reflected growing differences of interest between the U.S. (looking to Central America and the Pacific) and Britain and

other European powers.

Despite these reservations, Mrs. Thatcher remains unstinting in ber praise for the U.S. In her recent interview on a Channel Four television programme, she noted that the U.S. had free enterprise built into her constitution. She has no Social-

ist Party and no danger of ever hav-ing one. She is the land of free en-terprise; she is the land of freedom; she is the country of last resort and

of safe haven for money.

President Reagan could not phrased it better himself.

It is hardly any wonder that each of Mrs Thatcher's half a dozen visits to the U.S. since 1979 have triumphs, especially since the R lands war. There has not only b

considerable popular appeal based on her strength and leadership. Ironically, Mrs. Thatcher has been vocally pro-American just at the time when the British public an article in last October's in Public Opinion, published in fessor Ivor Crewe of Essex University ity records that, for all Presiden Reagan's domestic popularity, as i dent Carter.

This appears to have led to a steady decline in British confidence in the U.S. as a world power, now a lower level than during the Vie

What worries the British public during an eve-of-departure U.S. television interview as President Reagan's greatest fan.

## Challenge to tax incentive strategy

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE TREASURYS view that rais-cated that it strongly favours the er is that it will benefit the most ing income tax allowances would be idea of raising tax allowances by a good way of increasing work increasing the idea of raising tax allowances by more than the rate of inflation this centives is strongly challenged to—year rather than using any available to the influential Institute of able money to cut the basic rate of

Fiscal Studies (IFS).

The institute, which is an independent body for the study of the economics of taxation, makes the comment in a detailed analysis of the Chancellor of the Exchequer's options for his budget on March 19. It says that the effect of raising allowances is greatly misunderstood.

ing their take home earnings. Raising income tax allowances is, however, a central part of the Government's strategy for cutting the

The real level of allowances has been raised in each of the last three budgets. The IFS says that it the same resources had been used to cut the basic rate, it would now be 27% per cent instead of 30 per cent.

The IFS comments: "It is unfortu-The measure might even reduce nate that the laudable desire to people's desire to work, by increasported by arguments which are based on confusions and muddled analysis," One argument for raising tax allowances is that it will im-The main threat now comes from burden of direct tex and improving prove incentives to find employ-imported pirated tapes of films incentives. The Treasury has indiment or increase earnings. The oth-

It is true that raising allowances gives proportionately more to tax-payers at the lower end of the scale, because everyone gets the same cash benefit. On the other hand, raising allowances will do little to increase work incentives. --

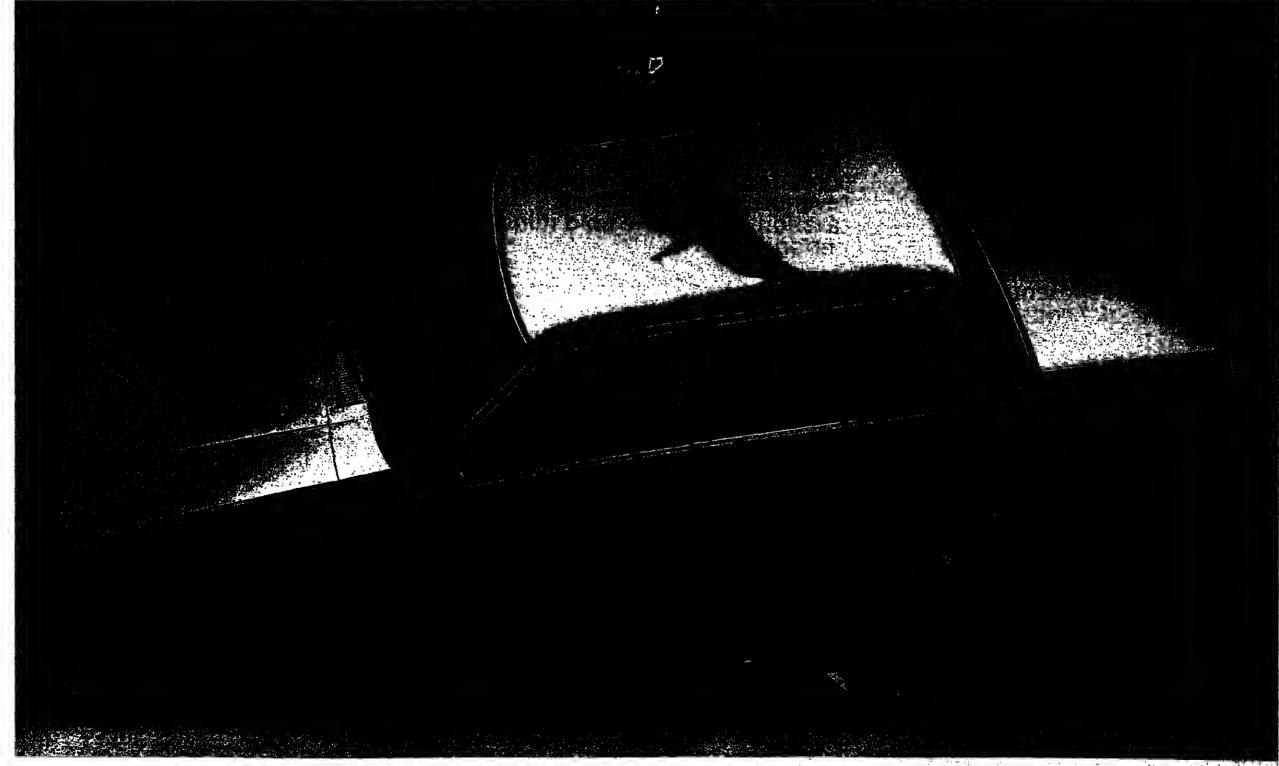
"If this is the Government's obby almost any other way of cutting taxes - such as reducing the basic rate - or, more effectively still, by reforms to the benefit system," the

The reason for this is that the socalled "poverty trap" affects fami-lies whose incomes range up to personal allowances. The poverty trap arises when a small increase in desire to work."

income is largely or completely off-set by increased traces and the with-drawal of benefits.

Families facing the poverty trap in its most severe form are those re-ceiving the family income supple-ment. In such eases the marginal tax rate on increased earnings can be 80 per cent.

be 80 per cent.
It comments: Almost half of ective, it would be better achieved those taken out of tax would be pensioners, most of the remainder are either married women or joveniles.
The only effect of an increase in income tax allowances for the majority of the heads of working families. both within the poverty trap and at higher theories, is to raise their net lies whose incomes range up to intropes while keeving their margi-£120 a week, well above the level of nat rates unchanged. If anything, this increased income reduces their



That's me, lying rather nervously under the new Volvo 740.

For years I've been writing in advertisements that each spot weld in a Volvo is strong enough to support the weight of

Someone decided I should put my body where my mouth is. So we suspended the car and I crawled underneath. Of course the Volvo lived up to its reputation and I lived

to tell the tale. But the real point of the story is this; the Volvo 740 may NEW VOLVO 740 RANGE STARTS AT £9249 23 LITRE ENGINES, CARBURETTOR AND INJECTED VERSIONS AVAILABLE, PRICES INCLUDE CAR TOX & VAT (DELIVERY & NUMBER PLATES EXTRA), CORRECT AT TIME OF GOING TO PRESS, CUSTOMER INF

have a different body shape, a fast and frugal new engine, a new interior and a new suspension system, but in one respect it's just like the Volvos of yore.

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# A boost for diagnostics

BY PETER MARSH

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way to multiply the numbers of molecules, of proteins for example, that they wish to identify in chemical tests called immunoassays. The latter are standard techniques to detect diseases and general changes in the body's condition.

The kits test for prostate acid phospetase (a chemical associated with cancer of the prostate gland), Chlamydia (a sexually transmitted disease) and procesterone, a hormone secreted during changes in a female animal's reproductive

The test forChlamydia is sold by Boots-Celltech, the British medical-diagnostics company, under an arrangement with the Cambridge enterprise. The progesterone kit will be sold to veterinary workers by Hoechst. the West German chemicals company. With the kit researchers will monitor the reproductive cycle of cows and other animals to test for the antimum time.

to increase this sixfold over the next three years. The 35-strong company is examining bow to extend its amplification tech-nique to other diagnostic kits that would detect the first signs of infectious diseases such as hepatitis.

The Cambridge enterprise is also examining bow to opply amplification to monitor the

DEVELOPMENT of an ingenious biochemical procedure to improve greatly the sensitivity of conventional immunicassay techniques in bospitale and research laboraties is beginning to pay dividends for a small Cambridge company.

IQ (Bio) was act up four years ago to tap the fruits of work in Cambridge University's biochemistry department. The main aim was to find commercial applications for a hlochemical technique called amplification that the company has patented.

In this, researchers find a way to multiply the numbers of the antivative for the numbers of th

In o human or animal, the body's immune system automatically triggers the creation of e host of antibodies to attack antigens that invade the body. The antibodies "mop up" the antigens by binding to them, in much the same way as a key fits into a lock.

Under the body's natural

licular key.

In immunoassays, scientists capitalise on this procedure by monitoring the creation of o specific kind of antibodyantigen complex formed by the coming together of "paired opposites" of antibodies and antigens. Immunoassays are thus useful in spotting certain types of antigens that may be present in small concentration and organic substances. and organic substance

ticular key.

The technique relies on the formation of the complex being accompanied by some kind of physical change that is easily measured, for instance a change in colour of a solution or an alteration in the latter's spectral properties. By looking out

identify in chemical tests called immunoassays. The latter are standard techniques to detect diseases and general changes in the body's condition.

IQ (Bio) has announced three products based on its amplification work. All are kits of chemicals that will detect small amounts of organic substances.

The kits test for prostatie of e host of antibodies to attack antigens that invade the body. Tho antibodies "mop up" the for this change, the researcher antigens by binding to them, in much the same way as a key antigens in which he is into a lock.

Under the body's natural defence mechanism, a specific antigens to which it is pared—just as locks will open only when matched with a par-

called NAD.
4—A third substance is then

poured into the mixture. This is a set of two enzymes, one of which catalyses (speeds up) the conversion of NAD to another chemical called

#### How Bio's booster works

The amplification procedure devised by IQ (Blo) is similar for all three diagnostic kits that it selis. Each kit comprises a plastic sheet containing an indented set of small wells in which the reagents are mix-1. The kits also contain a number of chemicals used in the tests. A kit containing enough material for about 50 tests costs £50 to £100.

In the procedure, the innormal place of the many material for about 50 tests costs £50 to £100. jugate. This contains a second set of antibodies, to the "falls" of which an enzyme, alkaline phophatase, has been attached as a marker. The result is o series of bigger organic complexes each of which have the enzyme tagged on to one end.

3—Another chemical, nicotinamido odenosine dinucleotide phosphate (NADP), is added. The enzyme strips off the phosphate part of this chemical to give a substance called NAD.

In the procedure, the impor-tant change that the researcher monitors is the production of other animals to test for the optimum time for artificial insemination.

IQ (Bio) has an annual turnover of obout £500,000 but aims to increase this sixfold over the

Crucially, the amount of red dye that is formed from the process is 500-1,000 times the amount of the antigen that is present. This enables researchers to detect very small quantities of the latter. Thure are four main steps:

1—The scientist places a liquid sample (which is thought amplification to monitor the formation of certain hormones, for example those secreted by the pituitary gland, which can indicate cancer.

Blochemical amplification can identify very small amounts of organic material—of the order of a few billionths of a 2—The worker then adds dye, derived from an iodonitro to contain an antigen) inside a tetrazolium salt, are produced, tetrazolium salt, are produced, tetrazolium salt, are produced, as the mixture is continually producing more NAD in the very small amounts of organic material—of the contain an antigen) inside a tetrazolium salt, are produced. As the mixture is continually producing more NAD in the very small amounts of organic material—of the contain an antigen) inside a tetrazolium salt, are produced. As the mixture is continually producing more NAD in the organic material—of the contain an antigen) inside a tetrazolium salt, are produced. As the mixture is continually producing more NAD in the organic more of NAD present in the original mixture gives rise to a great many more molecules of the dye, we explaining the anaplifier effect.

Automation

#### Cams give way to micro driven

actuators By Geoffrey Charlish

AN ALTERNATIVE to shaftdriven cam actuation which should be of interest to those

should be of interest to those developing flexible manufacturing or assembly equipment is offered by Cam Systems of Bury St Edmunds (0248 765798).

The system gives much more freedom of action to designers who enstomatily need to move parts of a machine in a synchronised repetitive cycle and who would normally use a rotating shaft with cams.

Procam-40 overcomes the

shaft with cams.

Procam-40 overcomes the often complex and expensive problems involved in designing and accurately machining the various components in a conventional common camshaft. By dispensing with the single motor and shaft and replacing them with individual linear actuators, driven by microprocessors, program-

dual linear actuators, driven by microprocessors, programmable motion can be provided where it is needed.

The system consists of a box of electronics housed in a 19 inch rack, connected to a series of motor-driven actuators that can be positioned whereever they are needed in the workspace—the confinement of cams on shafts is done away with.

Movements required within

Movements required within a machine can be programmed as rises, falls or dwells and each can be given optimum velocity profiles to suit the application.

Ne special programming ianguage is needed and the initial pregram input and any amendments are easily car-sied out using four function keys and a small numeric key-

keys and a small numeric key-pail. Re-programming to adjust stroke length or timing is quick and simple. Resolution of the pro-grammed movement is good, since Procam-40 breaks the cycle into 32,000 separate elements, making it suitable for most applications. Stepper motors or normal Stepper motors or normal AC or DC motors can be con-

trolled by the microproces-

the conversion of NAD to another chemical called NADH2, and the other which catalyses the reverse reaction, reforming the NAD. The composition of the mixture thus cycles between a large amount of NAD and a six larly large quantity of NADH2. In the process by which the NAD is reformed, molecules of a red dye, derived from an iodonitro tetrazolism salt, are produced. As the mixture is continually producing more NAD in the cyclical process, one molecule Now that they have developed it, engineers at the com-pany tend to see the system as a multi-axis robot and bellevé it will have a wider application than was first

## Shot between the eyes for the educationists

IF THE prosperity of Britain relied on a constant supply of young people wanting to be photographers, film-makers or video producers, we would have no problem. Many of those who turn their backs on science and engineering assume that the audio-visual media will produce the property of the courses continue to place a low priority.

An additional problem for film and television is that the equipment and resources tunities may be available for those simply wanting to have a go in their spare time. engineering assume that the audio-visual media will pro-vide a conveniont outlet for their creative brilliance, making minimal demands on intellectual and technical akilis.

Unfortunatey, the assumption Unfortunatey, the assumption is also shared by too many of those responsible for the education of photographers and film-makers, with the consequence that many professionals working at the coal face have periodic outbursts about the inadequation of the enterior of the statement of the inadequation of the

inadequacies of the system. The latest attack appears in last month's issue of Designer, aimed well between the eyes by Mr Ian Bradshaw, Picture Editor of The Telegraph Sundey Magazine: "There is an old saying that 'those who can, do. Those who can't teach.' When it comes to photography It comes to photography .... the saying should be amended to 'And those who can't teach photography, teach photography, teach photography, teach photography is a saying the company of th grapby," he says.

The recurring cause of frustration in the profession is ertiness. As Mr Bradshew brutally puts is, "young hopefuls... will achieve nothing listening to some lecturer filling their beads with totally erroneous views on the world he knows nothing about."

A similor but more circum-spect concern has been ex-pressed less publicly by a bur-sary jury at the Royal Society sary jury at the Royal Society of Arts. In the last two years, the RSA's Photographic Design jury (of which I must declare myself a member) has found grave difficulty in ewarding a total of £5,650 to successful student entries—because they just were not good enough. Evan a round-table meeting with the heads of some photographic the heads of some photographie departments, held prior to this year's bursaries, failed to improve matters—indeed, seemed to reaffirm the gap between the academics and the profes-

pictures offer great scope for artistic profundity—with some justification because these media are culturally complex and are still a new experience to 20th century society; but they require a high order of the publishes an excellent guide would single.

Such resourcefulness would never get the West's first TV interview with Mr Gorbechev or the Indian government's cooperation to make a film about they require a high order of the British Film Instigated.

are expensive—and it is easier and cheaper to resort to film or medie "studies;" ideal for a nation of critics and academics,

but not for practitioners.

The academic emphasis is, perhaps, the millstone round our necks. Vocational courses

Video & Film

BY JOHN CHITTOCK

are less popular, and training is almost a dirty word. Indeed, thos who aspire to obtaining a thos who aspire to obtaining a degree in photography, film or television will probably seek it through one of the courses approved by the Council for National Academic Awards—the emphasis again academic, and the degrees invariably Batchelor of Arts, not craft, science or technology. science or technology.

Anyone who seriously wishes to make a career in photography, film or television should ponder on such issues. Whereas a sound cultural appreciation of the media is important to the professional (and has been frequently missing), basic skills are essential. And the older hands, who wince at the attitudes and capabilities of students ready to overthrow the world, might add the three R's—reliability, resourcefulness and relevance. The latter point, which is at the nnb of our Anyone who seriously wishes which is at the nnh of our industrial ills, really means that if the customer or the public doesn't want it, no one will pay for it.

For aspiring photographers, the first port of call should be the British Institute of Incorporated Photographers, which publishes information on sionals.

In education for film and television production, the simation is not much better. Moving plctures offer great scope for artistic profundity—with some institute profundity—with some interesting profundity in the profundity profundity in the profundity profundity in the profundity profundity in the profundity profundity

so in their spare time.

Nonetheless, many of the courses and training available for film and television production are—to put it as bluntly as Mr Ian Bradshaw and with an appropriate metaphor—Mickey Mouse affairs. Suitable perhaps for the industrial training officer who wishes to dabble in video or the student who thinks he is talented but needs to find ont the bard way. But for the young man or woman for the young man or woman who expects to reach the top, quickly, the National Film and Television School at Beacons-field is the place to go.

The NFTS is primarily opost-graduate school, and has post-granuate school, and has turned out Occar and British Academy award winners already in its short history. It also uniquely provides a home for short training courses for professionals—such as three day courses on video familiari-sation for film technicians, a five day course on low budget film production, even a short course on composing music for

Successful photographers, film-makers and television producers have one thing in common which transcends all forms of education and training. They are resourceful. Creative and technical skills are not enough when filming the charge of the Light Brigade or the launching of a space shuttle. The resourceful will succeed, with or without train-ing, as long es they have talent. Little bope then for the young ledy, typical of many, who telepboned me last week

who telephoned me last week for edvice on how to get e job in video production. Now doing e video course; has already graduated in drama. But my ettempts to dispense advice were punctuated at 30 second intorvals by telephone pips. Her long distance call was from e telephone box—presumably expecting that the first and eech successive 10p or 30 seconds would suffice.

Such resourcefulness would



#### Agriculture **Apricot** for Farmdata

FARMDATA, a company which bas specialised in tailor-made computing tailor-made computing systems for large farms, is launching a new series of software packages based on

the ACT Apricot persons computer range. The idea is to provide in a package costing £3,500 or so for hardware and software the best features of Farm-data's multiuser systems which start at about £8,000 and run on the Onyx range of

and run on the Onyx range of machines.

Farmdata, along with Farmplan and Farmfax, are major providers of software to the UK farming industry. It is a sector which promises substantial growth. According to a report by Michael Longy Associates last year, in 1979 less than 40 farmers in the UK used on-farm computers. In 1982 the figure had risen to over 500 and estimates for this year exceed 3,000.

Farmdata is an independent organisation partly funded by the Scottish Development Agency and CIN Industrial Investments. More on 9963 32008 or 046 75457.

Semi-conductors

#### Toshiba's one megabit chip

TOSHIBA of Jepan has announced that it has developed the pretotype of a one-megablt dynamic read and write memory chip (DRAM) which operates faster and on less power than the present generation of high-density chips which store enly ene-

quarter as much data. The new chip is fabricated in C-MOS technology; Toshiba has already announced a onemegabit DRAM fabricated in N-MOS technology.



#### THE ARTS

#### London Galleries/William Packer

## Grand ambition on the road to St. Ives

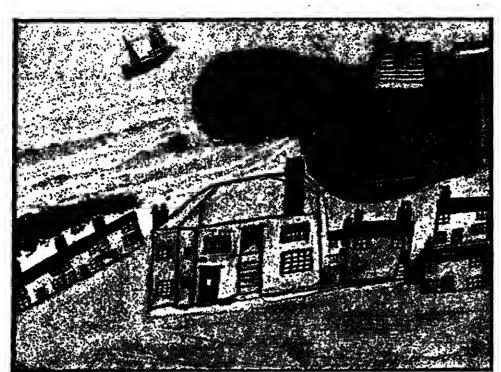
It is very easy, and just as tempting, to take a shade too seriously the idea of an artists' colony; to read too much into the simple fact of its existence. The tourist is drawn to these The tourist is drawn to these places as to the zoo, to view, even to take an interest, but never really to share in the experience. The town benefits in the meantime, even as it resents the intrusion; and so, by degrees, the spirit of the place atrophies and dies.

To go now to St Ives is to be made bitterly aware of what it once was, "the beauty been," by the hard fact of what it is today — tawdry, grasping, self-

by the hard fact of what it is today—tawdry, grasping, self-conscious, picturesque. And yet, good artists remain there or thereabouts for perfectly good and obvious reasons, which effectively give the lie to that attractive myth of the artists; colony. artists' colony.
Artists are characteristically

Artists are characteristically unbiddable, loth to group themselves together or attach themselves to a programme. But they are practical, and look naturally for the most suitable, congenial and stimulating of places in which to work; and, being no more nor less sociable than their follow creatures they than their fellow creatures, they are quite likely to make friends with those of their neighbours who share their interests. An and practice does not however.

The climate of farthest Cornwall is still as mild as it has always heen—the air as clear, the light as bright and lively, the sea as close and dramatic and the landscape of Penwith, its ancient fields and open moors, as ravishingly particular; and all are there atill to work their peculiar spell upon the eye and the imagination. Subject all to these same stimuli and it is not unsurprising that artists should respond in kind.



One of the Alfred Wallis works on show at the Tate

to the artist, of course, bound up with particular material and ideas; yet there is a common Ideas; yet there is a common bond of sympathy, experience and observation that draws it all together. In a very real sense, all the art that has come out of St Ives these two generations past has been a kind of landscape art—the landscape of the Penwith peninsula.

Painters have, in fact, been settling around St Ives since at least the 1880s, and in numbers sufficient to support an active, if habitually fractious. Society of

habitually fractious, Society of rtists should respond in kind. Artists almost from the start, ceramic of this period of Nichol-The work remains individual Birds of passage, too, exotic son's residence provide the sub-

occasionals, would drop in. In 1928 Christopher Wood, wbo already knew the place, and Ben Nicholson came together and stayed on for a while; then it was that they discovered tha work of the ancient painter-mariner, Alfred Wallis. Eleven years later, driven from Hamp-stead by the outhreak of war, Nicholson returned with his wife, Barbara Hepworth, and their children, to reside there -he for nearly 20 years, she until her death in 1975. The painting, sculpture

stance of the large and substan-tial exhibition just opened at the Tate, the first major study of the contribution that the artists of St Ives bave made to modern British art (until April

But even while fixing upon But even while fixing upon the 25 years from 1939 to 1964 in its title, Dr David Brown-whose admirable plece of work the exhibition is—tacitly concedes the point at almost every turn: the first room is given essentially to Christopher Wood and, by a full spectacular wall, to Alfred Wallis; the last to more recent work by all the

is no reason to be any less en-thusiastic about the second programme on Sunday afternoon of Mozart, Ravel and Beethoven.

It takes only a moment to adjust

to the scale of the performance—the Borodin does not hurl its

the sound for all its depth and richness is relatively small, and

tends to craw tha listener to-

Unnerving to bear the open-ing of Mozart's D minor quartet

K.421 unfolded so naturally, and

major figures. The ceramic throughout is for the most part tha statement of the image, or either much earlier—for Bernard Leach came hack from Japan in 1920 with Shori Hamada, to set up his pottery in St Ives—or rather later, in the 1960s and 1970s.

Naturally Nicholson and

Naturally, Nicholson and Hepworth are made the central figures. Nicholson especially primus inter pures as he would have always seen himself to be, his the defining, pervasive man-darin aesthetic—many of his paintings and drawings here are vey heautiful things indeed, ex-quisitely pudged. But to be central is not necessarily to be the most important. Though the Nicholson influence is evident in the work of several artists (in the crystalline, abstracted romanticism of John Wells, for example) it is, perhaps, the more robust reading of Afred Wallis's example hy way of Christopher Wood, so much closer to a romantic expressionism, that Dr Brown here demonstrates to have been the more potent, lasting and essen-tial characteristic.

Indeed, as we move on through the exhibition from the smaller, more particular and intimate work of the earlier years, with its denser hang, to the more expansive work of the post-war period, though we may have for a moment the sense of a certain thinning-out, or failing-away in quality in fact the work in these later galleries comes splendidly and impressively into its own.

Quite suddenly, with the three large landscapes that Peter Lanyon, painted around 1951—the St Just, especially—the scale is lifted, the surface of the canvas thrown open, and an ambition comes back into English painting to be modern in the grandmanner. There is nothing precious, nothing,

string quartet as chumber music, as essentially an intimate discourse between equals. I have never heard a quartet register the scale of a Beethoven

quartet so instantly and com-

pletely as the Borodin managed with Op. 59 no. 3; from the first chord it was clear that the

dimensions were a magnitude greater than all that had gone

have carried a greater sense of

finality, have seemed more made, intriguing and beautiful obviously a summation?

and past, and it is easy now to overstate our case; and yet, here is painting made in comparative isolation which compares with the very best that was being done in America and Europe at the time.

Lanyon always was a land-scape painter, close to and dependent upon the local and particular experience; hut have seemed to him at the time to have moved away too far from that same source, to us, looking now at the work of Patrick Heron and Terry Frost abstracted and unspecific, admittedly—how close it is nevertheless: Frost'a to the gear, tackle and trim of the quayside. and the light sparkling off the sea, Heron's to the lights and shadows falling across the ancient fields far below his Eagle's Nest. Both have come to see themselves as colourists, nurs and simple in their leter pure and simple, in their later work, but they have never worked better than at this point. Their colouris potent as ever, yet serving a deeper instinct.

Some other London galleries have seized the moment to show St Ives' work: the Montpelier St Ives' work: the Montpelier Studio in Montpelier Street, SW7, for example, with a group of largely recent works by present members of the colony (until February 27); and the New Art Centre in Stoane Street, SW1, which has an extremely distinguished group of works from the Fifties and Sixworks from the Fifties and Six-ties by a few of the major figures, Frost, Lanyon, Heron, Hilton and Wynter (until March 16).

March 16).

Meanwhile, good art still comes out of the West Country at large; I would particularly recommend shows by two young painters. Mary Nabbutt is at the Paton Gallery in Langley Court, WC2 (until March 2), with her figures in shoe shops and on beaches; and if her manerisms become a shade too graphic at times, ber surface is always full of life and wit. Four small studies of table-top still-

small studies of table-top still-life are especially impressive, and suggest a move away from too-emphatic idiosyncracy.
Caroline White is at Quinton Green in Cork Street, W1 (until recent development in her work from her relief constructions of chair backs doorways. sills and floors, with their sharp ambiguous perspectives, to-wards more freely expressed and developed images of church interiors with their vaults, pews and screens — immaculately

made out of reduced circumstances, with Robin Hooper's crotchety grey-cardiganed director picking up the script to fill in Pamela's contrasting confidantes, Mrs Jervis and the foulmouthed Mrs Jewkes, and two support actors, Sian Thomas and John Baxter, united in aller reluctance to help out the

Ms Thomas in particular hury from April 2.

#### Pamela/Wilde Theatre, Bracknell

#### Michael Coveney

The first pleasure was the theatre itself, only about a third full on Friday night. The Wilde opened last year and is a marvellous galleried box a marvellous galleried box theatre, spaciously and excitingly designed along lines similar to those of tha Cottesloe or the Tricycle in Kilburn. It completes the 10-year-old Bracknel lArts Centre, jutting on right angle to the 19th century mansion of brick and Bath stone. If I lived in the Reading area I would regard the place as an indispensable facility. It certainly adds beartbeat to this curious overspill area of uncurious overspill area of un-focussed habitation and business

conferences.

Pamela, Samnel Richardson's 1740 novel based on the fic-tional letters and journals of an abducted serving girl to her parents, has been adapted by the director Giles Havergal and the director Gles Havergal and the actress / dramaturg Fidelis Morgan for the Shared Experience touring company. They have come up with an imaginative and indeed brilliant piece of work which is no dogged rendering but a theatrical piece in its own right. Richardson's "Virtue Rewarded" subtitle is replaced in the programme, with "The Reform of a Rake," the first bound away from the

source.
The letter convention dropped, the unscrupulous land-owner Mr B—here dubbed Belowner Mr B—here dnbbed Belville—seen confessing his passion for the 13-year-old girl in
his mother's service. We have
an invented death-bed scene for
the mother and the dialogue
proceeds to link-up with
Richardson's narrative in seamless and confident fashion:
Haverral and Morgan have in-Havergal and Morgan have in-deed written a new 18th-century play and set it within the potent metaphor of a rehearsal room— mirrors, moving screens and clothes rails—where a run-through has been arranged for Pamela and Belville while half the company is swelling the crowd in Coriolomus elsewhere in the complex

in the complex.

Stylistic capital as well as pungently pertinent reflection on the national theatre is thus made out of reduced circum-

sullen reluctance to help out the

catches superbly that listless participation of the reheatsing artist as she steps with careless languor in sad out of a crinoline and then snaps into devastating form as Mr. Babitchily prosecuting sister Lady Davers. In the failed rape scene, as 1an Reddington throws off his maid's habit to bestride the fainting Pamela, Ms Thomas sits idly on the touch Ms Thomas sits idly on the touch line munching an apple and reading "Stress and your Stomach."

Just as Mike Affred's memorable varsion of Schnitzler's La Ronde for this company exploited the sensuality of disguise and costume changes, so Mr Havergal and his designer Paul Dart achieve a gripping atmosphere of "performance." This quality reaches joylul apoges in the masquerade of the This quality reaches joylul apoges in the masquerade of the Counters of Pembroke, disguised as a Spanish nun, seducing Belville while Pamela by this time married to him is left jealous, forlorn and pregnant in one of the country Seats.

The sequence does not occur in the two-volume Pamela and I suspect it might derive from one of Goldoni's two adaptations. At any rate, there is a one of Goldon's two adapta-tions. At any rate, there is a Goldoni-esque flourish of bril-liant animal masks and com-media expression that subsides into a tragic final steine of deception, death and confession. Charon Bourke's Pamela

makes the most of a role that avoids Richardson's simpering virtuosness and elaborate on the heroine's partly school-ledge attraction to Beiville. Strong-willed and rosy-checked, neither too prim nor too part. Ms Burke covers the range of Ms Burke covers the range of helplessness, resentment, humility and pride with assurance and wit. Mr Reddington, exactly captures what I take to be the hero's smarmy deviousness and cruelty gradually invaded by the undeniable appeal of the girl in his command.

The key respective emotional statements are his "I can't live without you" and her "Why can't I hate him!" These sentiments are exactly in focus in ments are exactly in focus in the production, and lend the piece, a most impressive excr-

piece, a most impressive excretise of creative dramaturgy, a resonance that leads us into the dramatic and literary ambience of both Marivaux and de Sade.

Later this week you can catch Pomelo at the Gulbenkian in Canterbury. It travels themce to Belfast. Bangor, Glasgow, Sheffield, and Bristol before a London season at the Bloomshury from April 2.

only those pieces but "Bydlo"-

#### Nikolai Petrov/Wigmore Half

#### **David Murray**

pianist, a muscular acrobat of the keyboard, and ha chose his Sunday afternoon programme accordingly. Not that the famous Pictures of Musorgsky have to be treated as virtuosofodder; but they can be, fairly enough, and they were. There was also a strident, finger-breaking Sonate by Rodion Konstantinovich Shehedrin, and Prokofley's more purposefully violent Sonata No. 7, separated by the latter's quainty nostalgic Tales of the Old Grandmother Op. 13. Petrov delivered the Tales honestly and tastefully, in the impersonal mezzo-piano manner that be favours for non-

effects presumably devised by the planist glissandi in "Baba

colossal tone, never actually harsh-and\_"Goldenberg and Shmuyle" (the shiverings of the poor Jew became an electrical storm), "Limoges Market shot hy at hrilliant speed; the "Unhatched Chicks" and still more the "Tuileries" were dazzlingly crisp and even witty. All quite external, if you like, but in stupendous Technicolor. Shchedrin's Sonate proved to be more "modern" than the theatre-scores by which we know him: tricky ostinati, as in much national music of the fortles and lifties, and a high manner that be favours for nonvirtuoso music. (as also the
"Vecchio Castello" and some of
the "Promenades" from the
Pictures, and his Skryabin
encore from Op. 52); the rest
was mostly as sensational as it
was intended to be.
The Pictures at an Exhibition sported a number of extra
effects presumably devised by
the planist elissandi in "Baba"
fortics and lifties, and a high
level of dissonance. Its wild
digital flights add little musical
point, but if they weren't its
reison d'etre they are surely
the only reason for playing it.
The Prokofiev Seventh was
strong and idiomatic for two
movements, good to bear after
an incoherent South Bank performance last week. Petrov
began the final Precipitato,

Mr Petrov is a Russian power- impressive onslaughts on not

the pianist: glissandi in "Baba began the final Precipitato, Yaga," much beefing up of the however, at a speed which "Great Gate." (That's understandahle, if no longer fashionabla in the West—the bald piano-writing invites it, though prayer that this world be a longer Horowitz's emendations to Petrov's.) There were latter, and wasn't so incky.

#### Japanese Projects/Almeida Theatre

#### **Paul Driver**

The ensemble Music Pro-relates to European and jects / London, directed by American avant-garde modes Richard Bernas, performed five (Yuji Takahashi was a works by contemporary Japa-nese composers at the Almeida Theatre on Sunday evening. It was the first of two surveys undertaken in connection with the present mini-festival in London, Close-up of Japan; the second is on March 3.

the predominant sounds were delicately-etched barmonics, quiet and slowly changing. The pieces were like constellations of floutando sounds, the musical motion tending to be to loud), so that the music can one had begun to time in interior to the intense musical slowness and quietude; thus. Somei element. The piece, relatively strings and an array of metallic with strange memories of percussion, from which fabrustical motion tending to be made begun to time in interior to the intense musical slowness and quietude; thus. Somei pre-neutralised espression and of flautando sounds, the musical motion tending to be musical motion tending to be circular rather than goal-oriented. Nevertheless, there was little ethnically "Eastern" ahout the idioms of these pieces: their technical language with strange memories of Mahler slow movements; its pointed. It was very delicately, pointedly executed by the ensemble,

American avant-garde modes (Yuji Takahashi was a disciple of Xenakis). Mnch of the expressive substance of the string pieces could be associated with John Cage.

undertaken in connection with the present mini-festival in London, Close-up of Japan; the second is on March 3.

Four of the five works featured small groups of string instruments and, in each case,

Kondo was also represented by a less striking Antilogue (1984) for oboe (Christopher Redgate) and string quartet, Redgate gave a powerful dis-play of solo virtuosity in Taka-hashi's Operation Euler (1967) for live and pre-recorded oboes, a mathematical construction whose loudness and frenzy were in salient contrast with the rest of the concert.

By the end of the evening, one had begun to tune in nicely times like the rustle of a wind) were drawn, was all the more absorbing for its considerable and unshakeable

placidity.

#### Tate, Holliger/Elizabeth Hall

Max Loppert Jeffrey Tate and the English pared down or dulled away; to Chamber Orchestra joined hear them rendered as though forces on Friday for music-their matter can still impart making that was fresh, vital, fresh meaning was tonic. In questions of tempo, melodic natural, and wonderfully unlike the orchestra's tidily (not to shaping, balance of dynamics say waxily) uninvolved familiar and ensemble weight, there was form. "Music-making" is how nothing in either work to one reckoned the performances indicate a search for egregious of both Prague and Linz symphonies; Mr Tate's demeanour
on bis podium seat, and his way
of eliciting responses from the
players, encouraged the phrase,
ances it always must be, by on bis podium seat, and his way of eliciting responses from the players, encouraged the phrase, for his chosen role was clearly that of first among equals, not ance of appreciation—the gentle full placed but responsive; briefly visitant deity.

Both Mozart symphonies are usually delivered as concert fodder, their tremendous disturbances and exhibitants are appreciation—the gentle emergence of the suavely creeping semitonal bass line in the Prague slow movement set one ashiver, as it always ought to but so seldom does.

Between Mozart symphonies the Strauss Oboe Concerto. Mr Holliger seemed the Ideal kind of soloist for the occasion; his genius is not for sanitized perfection (despite the hallowed anthority of his technical prowess there were even one or two minor mishaps in the work's early stages) but for the comexchanges between the obolst and various orchestral first desks took on the chamber-music quality for which Strauss must have been hoping.

#### before and that the playing would thus admit a greater range of expression. Doubts wards it rather than keeping range of expression. Doubts only raised themselves in the one at arm's length. That though only focuses attention on the purity and unalloyed musicality of the playing. finale; should it not, for all the transparency of the textures,

Borodin Quartet/Elizabeth Hall

**Andrew Clements** 

Quartet's three recitals this first movement so precisely month in the Elizabeth Hall assessed; refreshing to discover was generously praised here last week by David Murray. There string quartet as chamber

The first of the Borodin to find the dimensions of tha

#### Brendel/Festival Hall Max Loppert

The finest parts of Alfred little room for the listener's own this pianist revels, for he re-Brendel's recital on Sunday imagination to flower. afternoon were the onter ones Haydn to begin with, Musorgsky to close. In between came Schnbert's Wanderer Fantasy; but, although Brendel's authority as a Schubertian needs no underlining, there was here a dryness, both technical performance of excitment. Bren-dal's Wanderer, at least as baard on this occasion, lacks animal vitality, bigness, pas-aionate colouring of detail; though its exhoritant demands were compassed (with little to spare in the final stretches), this

imagination to flower.
But of Haydn the performances were exemplary, and that of Musorgsky's Pictures at an Exhibition was original, energetic, and — even in those pas-sages where Brendel's technical equipment fell short of full Russian bravura — charged with an air of challenges faced and bonestly answered. Tha Haydn works, the F minor An-dante and Variations, and the dante and Variations, and the terisation that was at once E flat Sonata (Hob XVI: 52), musical and dramatic. All that animal vitally, bighess, passes in the composer's key-aionate colouring of detail; are among the composer's key-though its exhoritant demands board masterpieces. The pro-were compassed (with little to spare in the final stretches), this Haydn's mastery of surprise its absen-was achieved in a way that left gesture; it is a mastery in which to pay.

sponds to the surprising phrase lengths, the sudden plunges in-to silence and unpredictable harmonic areas, with inimitable wit and sharpness of vision. In this light, the Musorgsky reading could with permissible licence be described as Haydn-like. Never before have I heard drawn from its parade of voices, so much distinctness of characwas missing was the grand-sweep of invincible keyboard virtuosity; but on this occasion its absence was a small price

## London Mozart Players/Festival Hall

survey of Mozart which constitutes her first season as artistic director of the London Mozart Players has reached the late Players has reached the late 1770s. Wednesday's instalment was "Final Years of Service: Salzhurg 1779-1781" and focussed on the two double concertos in E flat, K.364 and K.365. The evening was given a thread of continuity by Simon Collection. Gallow's narrations, refreshingly concise and free from covness, but still never quite justifying their existence over the information already contained in the printed programme

shave their heads. Visual and dra-

matic, it approximates wordless theatre and defies usual ideas of

Jane Glover's chronological were Mayumi Fujikawa and sbe obtained vigorous and Nohuko Imal: their account was essentially brisk, near and unsentimental. Miss Glover's rather plain, undramatic account rather plain, undramatic account of the opening tutti set the tone for much of what followed, with neither player willing to intro-duce much amplitude into her phrasing, nor give the rhythms anything more than the most perfunctory characterisation. The most impressive movement was the Andante, in which Miss imai'a warm tone and natural expressivity could not be danied. and there was nimble passage work from both in the finale. Miss Glover framed the two

their own. Curious then that her accompaniments should have seemed so unimaginative, for after the neutrality of the Sinfonia Concertante she produced something nearly as uninvolved for the Concerto for two pianos, K.365, in which the pianists were Peter Katin and a young Canadian pupil of his. Martin Humpbreys, In many ways their playing was the anti-thesis of that of their string colleagues, sometimas a little ragged and cluttered, but connotes. concertos with a pair of sym-In the Sinfonia Concertante phonies, no. 32 in G. K.318, and for violin and viola the soloists no. 34 in C. K.338, in which of affection.

Royal Opera, Covent Garden: For its Handel celebration the Royal Opera

#### Tokyo's Buto Festival

#### Marie Myerscough

Buto, Japan's peculiar surrealistic Japan's most important contribu- and beyond. The Dairakuda-kan, modern dance, at its most typical is tion to modern dance. performed by groups of dancers who paint their bodies white and

Popularity abroad (especially Euworld's final acceptance of Buto as valid, are celebrated in this unique festival, bringing together the hig names of the genre.

A thoroughly Japanese amalgam Legendary founder Tatsumi HijiKata, oldest dancer Kazno Ohno Japan Cultural Centre. (580 0031) Yuof forces (European dance, grotesque art and literature; Japanese sical and popular arts), born in-(now 78), and more recent expo-rakucho Asahi Hall and Shinjuku to the avant-garde "happenings" in the 1960s, Buto is without doubt Buto from its bizarre beginnings Feb 27.

Byakkosha, Dance Love Machine, Kunishi Kamiryo of the Kasai School, Min Tanaka troupes, and ties. Costume also makes a come-

back. nents represent the broad scope of Bunka Centre most evenings until

## Arts Guide

# Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Feb 15-21

#### Opera and Ballet

#### LONDON

Handel celebration the Royal Opera returns, after a gap of nearly two decades, to Samson, perhaps the supreme English oratorio. Jon Vickers is once again the hero, the new production is by Elijah Moshinsky, the conductor is Julius Rudel. Also, further performances of the Traviata revival, graced by a beautiful and touching heroine in Ileana Cotrubas, and of Der Rosenkavalier, conducted by Georg Soliti. (240 1068). danted by Georg Solti. (240 1066).

English National Opera, Coliseum: Reginald Goodall's conducting and the production by Götz Friedrich are the two powerful strengths of the new Tristan and Isolde. Iain Hamilton ton's Anna Karenina, of which the ENO gave the successful premiere a couple of seasons ago, returns for further performances; the updated New York setting of Rigoletto, per-haps the company's most celebrated production in recent years, is back in the repertury in excellent shape.

PARIS

La Traviata performed by Orchestre Colonne conducted by Donato Ranzet. in a Boon Opera production by Luca Ronconi with Violetta sung alternately by Diana Sovier-Uzan, Jenny Drivala and Julia Kukely. TMP-Châtelet (233.44.4).
Tristan and Isolde alternates with Vonest Robuste Doctor Faustus. Konrad Bohmer's Doctor Faustus, world premiere co-produced with

e de la composition La composition de la

Netherlands opera conducted by Ja-nos Kulka/John Burdekin with Heinz-Jurgen Demitz in the title role, Bohmer has reinterpreted the myth of Faust according to histori-cal documents, turning him into a strange mixture of vulgarity and spirit of adventure. Paris Opera (142.51.50).

(142.51.50).

Homage to Antony Tudor. Lilac Garden, Shadowplay, Continuo, Dark Elegies in Anthony Tudor's choreography to music by Chausson, Koechim, Pachelbel and Mahler. Opéra. Comique – Salle Pavart (296.05.11).

#### WEST GERMANY

Berlin, Denische Oper: Carmen re-turns with Teresa Berganza and Franco Bonisolli as leads. Handel's Messiah is presented in a scenic version by Achim Freyer for the first time. To commenorate Alban Berg Lulu is offered with Karen Armstrong in the title role. (34381). Hamburg, Staatsoper: There has been much applause for the new production of My Fair Lady, with Gabriele Hamm as Eliza Doolittle and Boy Gobert playing Henry Higgins. Der Troubadour brings together Lucia Plowright and Piero Cappneilli. Luigi Nono's rarely played Intolleranza has fine interpretations by William Cochran, Beatrice Niehoff and Gabriele Schnaut in the leading parts.

Cochran, Beatrice Niehoff and Gabriele Schnaut in the leading parts. (35/15/1).

Frankfurt, Opera: Der Türke in Italien is conducted by Volkmar Olbrich. Don Giovanni, has a new cast headed by Benjamin Luxum, Jill Gomez and Paula Page. Lulu, with a complete third act, will be offered

for the last time this week. Der Zi-gemerbaron rounds off the week. (25621). Cologne, Opera: The highly acclaimed production of Katia Kabanna. by production of Katja Kabanova, by Jarry Kupfer, has Helga Dernesch, Delores Ziegier and Mathias Hölle. (2018).

(20761). Iunich, Bayerische Staatsoper, Woz dunica, Bayerische Sumsoper, worzeck is ideally cast with Karl Ridderbusch and Marjana Lipovsek.
Die Fledermans is e traditional Otto
Schenk production. It convinces
thanks to Carlos Kleiber's eloquent conducting. Orpheus and Engydling is conducted by Heinrich Bender with Kornelia Wulkopf, Pamela Coburn and Kulie Kanfmann. (21851).

L'Elisir d'Amore conducted by Sir John Pritchard with Vincento La Scola and Alberto Rinaldo. Théâtre Royal de la Monnaie. (2181211).

PRINCE S

Rome, Teatro dell'Opera: Le Perichole conducted by Pierhaigi Urbini with choregraphy by Lorca Massine and scenery by Michel Lebois. The cast includes Elena Zilio, Claudio Desde-ri and Ugo Bonelli (461755). Milan, Teatro alla Scala: The Barber offilan, Teatro alla Scala: The Barber of Seville, conducted by Piotr Wolliny and Zeffirelis's new production of Swan Lake (with the Odetth/Odile role split between Alessandra Ferri and Caria Fracti (alternating with Renata Calderini and Anna Razzi). Choreography by Rocella Hightower (869128).

Sologua, Teatro Commale: Attila sung by Ruggero Raimondi, with

Silvano Carroli, Veriano Luchetti and Mara Zampieri, conducted by Gunter Neuhold. (222999). Parma, Teatro Regio: Tosca conducted by Gunter Neuhold and directed by Gancario Cobelli, and sung by Jean-nine Altmeyer, Bruno Bulgarelli and Marcello Giordano (22003)

#### NETHERLANDS

Scheveningen, Circus Thesire. Three ballets by Jiri Kylian danced by the Nederlands Dans Theater. New Ballet (Litosiavsky), Svadehka (Stravinsky's Les Noces) and Simfonietta (Janacek). Wed (dress rehearsal) and Thur (world premiere of New Ballet). (558 800).

The Netherlands Opera production of The Relice's Progress by Stravinsky, directed by David Alden, with decor and costumes by David Fielding. Edo de Waart conducting the Radio Chamber Orchestre, with soloists Sheri Greenawald, Ned Rosenshein und Thomas Steward. The and Thur at Amsterdam, Stadeschouwburg (242 311).

#### (242311). VIENNA

Strateger: Tosca, widely acclaimed performance conducted by Arena with Pavarotti, Wixell, and the Vierna Boys Choir, Raymonda, hallet by Petipa, Nurejev and Glasunov conducted by Schirmer, Manon conducted by Fischer; Falstaff conducted by Fischer; Falstaff conducted by Zedda with Lorengar, Ludwig, Pons, Allen; Simon Boccanegra conducted by Marco Frede with Freni, Gonda, Bruson, Ghiaurov. (\$224/26.55).

Velksuper: The Magic Flute; Orpheus in the Underworld; Premiere of Le-

har's Des Land Des Lacheins conducted by Bibl; Zarewinch. (5324/2857).

#### NEW YORK

Metropolitan Opera (Opera Honse):
James Levine conducts the premiere season of Nathaniel Merrill's
production of Porgy and Bess, designed by Robert O'Hearn, starring
soprenos Grace Bumbry and Myra
Merritt, bess Simon Estes and buritones Charles Williams, Gregg Baker and Bruce Hubbard. James Levine also conducts the last seasonal
supearances of Lohengrin starring
Anna Tomowa-Sintow, Eva Martin
and Placido Domingo, Placido Domingo conducts the last performances
this season of La Bohème with
Catherine Malfitano, while Neeme
Jearvi conducts Eugene Onegin
starring Kay Griffel and Leo Nuccl.
Limotin Center (826 600)

New York City Ballet (New York State
Theater): The 31st season continues
with mixed programmes that in
clude 17 Belanchine, eight Robhins
and three Martins ballets, Ends Feb
24. Limotin Center (876 5570). and three Martins ballets. Ends Feb 24. Lincoln Center (870 5570).

TOKYO.

Tokyo Ballet Company with Jorge Donn. Palais de Creistal, Sieghried, Dichterliebe amor di Poeta, Bolera and others. Choreography: Balanchine, Maurice Bejart, Jiri Kellan. NHK Hall (Men). (3639151). Buto: The first-ever lestival cominnes with Min Tanaka, Maijuku group and drummer Millord Graves (Mon. Tue); Dairakuda-kan (Wed. Thur). Shinjuku Bunka Center. (5800031).

# FINANCIAL TIMES SURVEY

Tuesday February 19 1985

# LEBANON

The Lebanese Government is being given the opportunity by the Israeli withdrawal to re-assert its overall authority. Radical changes will be needed, however, in the country's archaic political system to ensure the recovery of prosperity

## An economic cliff-hanger

By RICHARD JOHNS

relief to all citizens not blinded

Increasingly, however, a solu-

tion is being seen across a broad section of society as an

tutelage in 1943

THE SURVIVAL of the Lehanese state, politically largest military occupation.

and economically, will be at stake over the coming few weeks.

In the wake of the scheduled withdrawal by Israeli the country, having overcome military forces from an area of nearly 350 square military forces from an area of nearly 350 square recover anything like its former recover anything like its former military forces from an area of nearly 350 square kilometres in the heavily populated vicinity of Sidon, a struggle for control of the large refugee camp of Fin Hilweh near the city is considered as an almost foregone conclusion.

If it were to trigger of large-scale fighting amongst Lebanece sectarian forces and lead to yet more shifts of population, the already tattered fabric of a state could be torn to shreds.

Rightly or wrongly even moderate Lebanese politicians, officials and analysts, as well as Christian Phalangist leaders believe that this is precisely what hard-line elements in the Israeli politico-military establishment want — in the first instance, to see Palestinians tear themselves apart, and in the longer-term to prove the Lebanese Government reampt control its territory, thereby ipstifying continued interference and de facto control of the ence and de facto control of the border region south of the River Litani.

That consensus, at least, as able and resort estrich-like to to Israeli motives, has led to the hope they might eventually concerted effort by the Congressional laaders in Lebanon's Increasin euphemistically termed "government of national unity" formed last April, to ensure that maybem, chaos and bloodshed does not occur.

formed last April, to ensure immediate imperative if Lebanon is to be saved from financial insolvency and economic collapse. There is recognition of the need for two brigades of the Lebanese army, last split asunder a year a united Government capable ago and reconstituted for the of asserting at the least third time since 1975, will be the minimal authority possessed allowed by Lebanese sectarian by any other state in the world, warlords and their armed and of offering something extremists to take control. Such approaching complete security an outcome will be a merciful in areas not under Syrian or

recover anything like its former prosperity.

Under the original deal reached four decades ago, the higher public offices, and representation in the national assembly were apportioned on the basis of a six-to-five Christian-Moslem ratio with more minor positions distributed elaborately amongst a multiplicity of sects. by sectarian hatred or myople with factional suspicion, but it will not in itself solve the deep-

#### Predominance

rooted political problems in-herant in a confessional sys-tem dating back to indepen-dence from French mandatory Essentially, it was a deal between Christian Maronites and Sunni Moslems, but it ansured the predominance of the latter, giving it the presidency, army command, and governorship of the Central Bank, as well as other key posts. That arrangement continues, Nearly nine months after Mr Rashid Karami's Government took power it seems as far away as ever from bringing about the reconciliation recognised rhetorically by all factions as a pre-requisite for Lebanon's futura as a viable-entity, but in practice largely ignored. Instead the various parties regard the problems as intractable and resort ostrich-like to the hone they might eventually Nearly nine months after Mr

The quaint National Assembly still remains very much a selective club uniting big business and quasi-fendal power, although there is now a more popularist, particular Moslem Shi'ite element in it.

Lebanon's pluralistic system could not have been better designed for ineffective administration, nor as a means of preventing the development of a sense of nationhood. Government is still cynically regarded by critics as a means of enrichsome of its members and their

There have only been brief periods under President Chehab's regime from 1958 to 1962, the first two years of President Francieh's admini-



As Israeli troops continue their phased withdrawal, the Lebanese Government is trying to take tough measures to reduce further bloodshed between rival factions. Above, centre: General Antoine Lahad, commander of the Israeli-backed South Lebanon Army, with troops as plans were being made for the pull-out

an extrema form was one inevitable concomitant of Lebanon's plurastic system, making Lebanon an entrepreneurs' paradise but depriving it of adequate intrastructure and allowing growing inequalties of wealth.

Another was the liberal economic system, the basis of the country's old growth and prosperity up to 1975 and of its remar/able economic survival until 1983 through the original civil war, subsequent inter-communal conflict and the devastating Israeli invasion of

Lebanon's unique political system also exposed the country, in which latent sectarian tension has always existed to disruptive foreign influences and made it a free-zone for other powers' disputes. The disruptive effect of Arab nationalism with its appeal to the Sunni Moslems from the early 1950s, and particularly in its Nasserite form from 1956 onwards, always threatened destabilisation. The from 1956 onwards, always is deep seated. The present lished contacts with the threatened destabilisation. The Government was formed under Christian Phalangist party and

Short-lived hopes that the otherwise divisive peace agreement of May 17 1983 with Israel signed by President Amin Gemayel would lead to withdrawal of both armies had evaporated well before its abrogation by Lebanon 10 months later. later.

Syria's military presence originating from President Hafez Assad's move in 1976 to contain the civil war and bring about an equilibrium of Damascus's choice, looks as though it will be an indefinite feature of Lebanon. It is seen by Syria primarily as a means of protecting its soft underbelly from Israeli attack.

from Israeli attack.

Decisive Syrian infinence over any Lebanese Government looks like an enduring factor. In line with its ambitions for regional Arab hegemony, Syria will continue to keep Lebanen weak, playing off factions against each other and keeping a rough, balance, in a cynical policy of divide and rule.

The extent of Syria's infinence is deen-seated. The present

premiership of Dr Selim al the premiership of Dr Selim al the stream 1976 to 1980 when non-confessional and technocratic pragmatism asserted itself and seemed to have a chance of ascendancy.

Laissen-faire government in an extrema form was one inevit; where concentration of the Palest the aegis of Syria rather than President Gemayel. It was Damascus, not the Lebanese from 1970 led to the civil war, beard of state, which persuaded the beard of state, which persuaded transport of the country and the country

The premier always goes to the Syrian city at time of any Cabinet crists usually accompanied by Mr Walid Jumblatt, the canny Druze chieftan, and Mr Nabhi Berri. the Shi'tte leader.

Virtually no one in Lebenon thinks Israel will voluntarily surrender de facto control over the area south of the River Litani. Despite Unifil, and whatever the actual performance of the Litanian despite Unifil and whatever the actual performance of the Litanian despite actual despite. the Lebanese army around Sidon in the coming week or so, a buffer zone of the sort existing before the invasion of 1982 seems inevitable. This will be the case even if—as the Labour majority in Israel's coalition Government seems to want—the second phase of the planned withdrawal is com-

Israel will have no difficulty either in asserting its influence elsewhere through well-estab-

Syria and Israel in their different ways make a potent prescription for paralysis as far as any Lebanese Government is concerned. As it is, the political reform sought since 1976—In effect a more equitable sharing of power—has not been advanced apart from the agreement on a 50:50 Christian-Moslem share-out. This was the basis on which the formation of the Syrian-sponsored government of national unity was based.

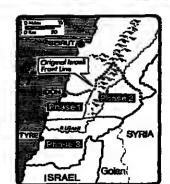
ulti-confessional committees bution of power, rights of citi-zenship (which could accept consensus on the demographic balance) and the revision of the decrees of the test admini-stration (most of which look to be unconstitutional) have produced no unanimous recommendations—though they could overnight if the political bosses agreed among themselves.

Eventually any settlement would have to involve a new deal for the Maronites and the Shi'ttes, now the controlling power in West Beirut, and the two biggest communities with roughly a third each of the population. It would also have to take into account the Druze community only 24 per cent of community, only 8-9 per cent of the total but members of a beterdox Moslem sect with a ruthless determination to establish their own semi-autonomous status and with a formidable military menal and muscle which has thrashed the Phalan-gists and held the timid army

#### Druze factor

Less than ever is it a question of a basic Christian-Moslem split even it, as fratricidal hatred has deepened, the Greek Orthodox, who coexisted so amicably with Moslems during the civil war, have now tended to seek refuge in the Maronita heartland. The Druze remain the biggest maverick factor in the equation. President Gemayel is said to be still in favour of a unitary state, though some of his Maronite advisors evidently are not. As the depth of the cumula-tive bitterness has been realised there has been more and more talks of confederation or cantons. Lebanese are well aware that the Swiss fought for a century or more before finding their solution-but are less appreciative of the self-

sufficiency of that society.



withdrawal by Israeli troops

Maronites and the Druze have their own enclaves more or less defined. Sunnis predominate around Tripoli in the North and Sidon in the South.

President Gemayel, disappointingly, has failed to convince the vast majority of non-Maronites that he is above inter confessional difference. The confessional difference. The third-time-reconstituted army is generally regarded as primarily a symbol of the Maronite authority. Until recently its deployment under various security plans in the face of various militias has been unconvincing.

Dr Hoss is credited with being the only member of the Govern-ment with a good grasp of the economic facts of life, and the only member respected by that still-resolute core of Lebanese of all sects who still cling to belief in the possibility of a sectamen unified country.

The crash in the parity of the pound, seemingly the country's only indestructible asset in recent times, has brought home to most educated Lebanese the consequences of political failure. The currency was and is one of the few non-sectarian issues. The privileged now appreciate the possible implications of economic deterioration.
Roaring inflation and high unemployment could bring about social explosion and enarchy cutting horizontally across vertical sectarian lines.

An active Marxist left is only waiting to exploit such a situa-tion. The prospect of all bang-ing together will hopefully bring about a political consensus and cohesion convincing epough to mobilise the aid required in the next few months to avert financial bankruptcy

# THE SMILE THAT SAYS WELCOME TO LEBANON

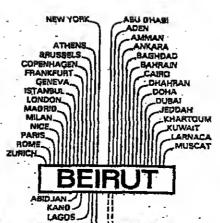


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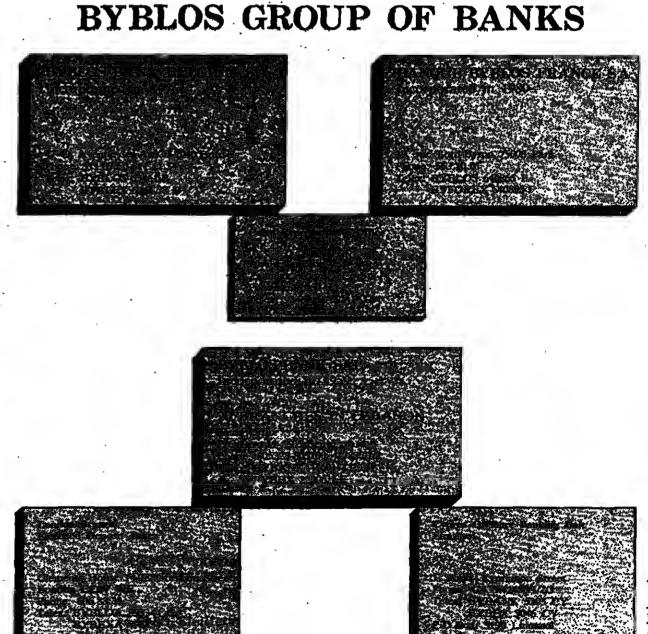
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Financing International Trade Around The World

IMF report betrays a hint of desperation over Lebanon's public finance problems.

# Blunt conclusions on the state's fortunes

THE LEBANESE Government can only be saved from financial collapse this year by an effective assertion of its authority in the near future and in sufficient strength to enable it to collect customs dues and tax revenues

constitutionally owed to it.

These conditions are also the essential pre-requisite for the external financial assistance needed for budgetary, as well as balance of payments, support needed if the state is to acquire the essential means for anything more than bare survival over the next year

That is the blunt conclusion of most independent economists and senior bankers bere who ere not relying on some unideo-tifiable dues ex machina to save the state's fortunes. The basic financial facts, as well as known reservations of donor couotries about the hapless country's government, spell out the message clearly.

The IMF is very worried, too. A recent staff recort, dated Jaouery 4, said a recent mission bad "expressed serious coocern about the size of the financial deficit, and especially about increased reliance on ceotral bank borrowing to finance it. Not only does the larger deficit signal a marked expaosioo in the relative size of the public sector debt in what traditionally has been a laissez-faire ecocomy, but, the domestic public debt service, which was non-existent before the outbreak of hostilities, now absorbs one balf of total budget receipts."

#### Expenditure

Government expenditure bas Government expenditure bas increased five-fold sioce 1979 and over the past two years, in particular, because of increased speoding on defence and armaments, while revenue bas declined. Last year it probably covered only 30 per cent of state expenditure esservicing the internal debt observers bere—though their devoured rather more than balf of income.

By the standards of its cus-tomarily reserved and polite language, the report betrays a hint of desperation about the fate of the country. It was based on consultations, held early in November, wheo it looked as though the Government was taking control of the ports, the most vital source of revenue, and about to implement other

By RICHARD JOHNS

its short-lived, uncertain grip on the ports of Tripoli end Jounieh, where the dues on the inflow of goods are being filched by others, et cheaper rates, diverting imports from Beirut

Friendly governments res-ponded to the call by the official Lebanese authorities to ensure their shipping companies called at the official point of entry, **Beirut** 

As often es not, businessmen say, they off-loaded only part of their cargo there, taking the bulk to Tripoli and Jounieb. Smuggling elsewbere is rife. And Lebanese merchants everywhere remain masters of under-

Last year, customs provided only L£400m, cumparen with the L£3bn expected. Cusoms traditionally bring in about 40 per cent of the state's income, and direct taxes, a similar proportion, with the balance coming from fees, duties and other minor sources.

to experienced economic observers bere—though their

assumption could be somewhat optimistic given the likely availability of foreign exchange. As it is, the decision, implemented from mid-lanuary, to levy duties on the basis of a "customs' dollar" deemed to be worth L£6bn would effec-

The probability is that the merchants will profit from the



A Beirut exchange dealer holds up handfuls of dollars and Lebanese pounds after the Lebanese currency lost 10 per cent of its value in a single day. Financial officials have been seeking ways to stop the rose of the dollar against the pound

trading situation, where two or three importers dominate any particular category of goods. And certainly the corresponding rates for other currencies set seemed to favour some importers of greeter influence rather than others of less status. At present it looks as if the Government will be fortunate to obtain more than L63-4bn from all sources. Such an amount would be insufficient to service the Government's domestic debt servicing obliga-

"That would seem as good a definition of bankruptcy as any," observes Dr Elias Sabam, now a senior member of Belrut's banking community but formerly Minister of Finance at all—it is just a guide." says (1970-72) and, before that, a one Western diplomat. He adds: distinguished economist at the "The estimate for the service distinguished economist at the American University of Beirut. of the debt is a fraction of what

tively cut receipts by 60 per cent or so at present exchange ex-Minister of Finance (1980-1983), described the situation as "dangerous, but not despar-ate." When others are profit-Since then, customs dues have dwindled as the state has lost merchants will profit from the ing from illegal ports, you can hardly expect others to pay the consumer in an ogolopolistic

As it is, no "closed accounts"
—audited figures of actual
expenditure—have been published since 1979. The picture is
further confused by the extrabudgetary accounts of semiautonomous public entities,
dependent on Treasury loans—
which probably eccount for e
fifth of total outlays.

In macro-economic terms, the IMF suggests that "banking and financial data indicate growing public sector deficits of one-third of gross domestic products.

The budget makes no sense Mr Adel Hamiyeh, another it is going to cost." In his worst case scenario, the

Government might receive only one-tenth of the revenue required for budgeted expendi-Late last year the original draft for 1985 was revised

Whether correctly characterised as dangerous os desperate, defence and development prothere is no doubt about the jects bearing the brunt of the
gravity of the state's finances.
As it is, no "closed accounts" cent of projected expenditure bringing the limit to L£15bn. is accounted for by the repay ment of loans put at L£ 2.81bn (28 per cent); defence at L£ 2.34bn (21 per cent and an absolute rise of 15 per cent over the 1984 figure); and education

#### Purchased

et L£ 1.63bn.

Whatever actual spending was in 1984, the Government financed it by increasing indebtedness to the Central Bank by L£ 6,01bn to a cumulative total of L£ 1913bn and outstanding Treasury bills purchased by commercial banks by L£ 3.27bn to a total of Lb 19.13bz.

Thus, indebtedness rose by L£9.29bn in 1984 bringing domestic borrowing to L£30.45bn, 54 per cent of it incurred since the end of 1982.

Of last year's increment, LEGOn was to have been spent on reconstruction and develop-ment, but most of it must have been spent on recurrent spend-

Treasury bills have been fully subscribed to by the commercial banks. But by the end of 1984. interest rates had been raised to 16.12 per cent for three-month Treasury bills, to 16.80 for six-month Treasury bills and 18.34 per cent for one-year bills.

The banks' declining enthusiasm for them is indicated by the marked rise proportionately

nominal value of the local currency as a result of the appreciation of the dollar and other foreign currencies, as ordinary budget receipts. The result of this practice has been to increase the underlying fiscal deficit as well as to weaken the Lebanese pound, says the IMF.

Moreover, all independent Moreover, all independent Lebanese economists agree that there is considerable wastage on spending. The general consensus is that 25 to 30 per cent could be saved. Social and political repercussions could be explosive though, if such an account were well as the same and the same are the same and the same are the same and the same are the sam attempt was made to curb out-

lays.
Eradication of embezzlement and the limitation of arms purchases in hard currency on the open market would be appleuded by almost everyone. The biggest drain, however, is the in-efficiency involved in the work-force of the Government, the biggest employer by far—and one which is certainly not noted for productivity.

The bill for their salaries has tripled since 1979. The modest per cent increase, ewarded the start of 1984, has been gobbled up many times over by inflation. Drastic pruning of the labour force could only encourage anarchy and revolt. Abolition of subsidies is the other easily identifiable area for cuts.

The Government took e bold step last October when it wiped out those for petroleum products which were cesting L£800m and would have accounted for about 8 per cent of the financial indebtedness in

It was a drastic measure in an impoverished country, with no public transport. The price for 20 litres of petrol rose from in the shorter-term paper, 1.634 to 1.664 (including 1.64) despite the high interest rates levied by the Christian Phalamon the longer-term instruments gists through whose territory and the shortage of other sound, profitable outlets for their high liquidity. Taxi drivers struck, causing

the short run, the authorities other towns. They only resumed could not continue to pay such work when told a rebate for high interest rates indefinitely them would be considered without real growth in the economy."

Less obviously, since the lebanese pound started depredate the Covern

ciating steadily, the Government bas treated the Bank of Lebanon's "book-keeping profits," made in terms of the to Syria profitable) and other to Syria profitable) and other essential commodities, eating up to 25 per cent of the budget is ruled out by even the most rigorous-minded economists and bankers with the exception of one interviewed who velcomed the prospect because of the revolution which he said might

#### -Solution

Full control of port facilities and a comprehensive collection of customs dues must remain the first priority of a coherent government in charge of a re-unified country. That prospect depends like everything else on the long awaited "political solu-

tion."
So too, does a more efficient
garnering of direct times. That
covering base has been severely
eroded; raising them is difficult in the Syrian military zone and impossible in the Israeli-occu-pied area.

pied area.

Basically, though, Lebenou has a sound, progressive system of direct taxation as far as corporations and salaried employ-

porations and salarica employ-ees are concerned.

Merchants, professional per-sons and the self-employed are a different question—"the level of tax people (outside the com-pany and PAYE network) is what they want to pay," com-mented an academic economist. Given the choice that tends to be nothing when little is pro-vided by the state in return

Mr Hamiyeh recalls how in the halcyon period of confidence in the first half of 1983 direct tax receipts soared as tellers at the Treasury worked overtime. The recalcitrants were encouraged by an amnesty for errears, as well as a discount.

Dr Saba is strongly critical of his successor's measure, as one which penalised the honest and rewarded evaders. But et least the experiment seemed to elicit. a response and evoked a dormant sense of civic respon-sibility—which may still exist. In the meantline, the State of

In the process, the Government came close to breaching IMF report observed: "While more serious paralysis than the Lebanon faces the looming prostute statutory ceiling of L£12bn the increase was desirable in usual traffic jams in Beirut and pect of insolvency."

Banking: system is unscathed though ownership has radically changed

# An astonishing survival'

LEBANON'S BANKING sector is the one part of the Sabbag) and the Bank of Beirut running it plans to plough back economy to have emerged unscathed from 10 years of bave recorded large increases profits into reserves in line their balance-sheets.

As the North Americans have

of the greater part of the country.

"It is astonishing how the system has survived," says Dr Willi Rellecke, the West German general manager of Rif Bank, in which Commerzbank is a shareholder with four Kuwaiti institutions.

Dr Rellecke is one of the few in Beirut as foreign institutions, in particular the U.S. and Canadian ones, have beeten a quiet retreat from the turbulence. Branches and offices have been closed and minority stakes sold to Lebanese and other Arab investors. Most notably there was Intra Investment Company's buy-out of Morgan Guaranty's 42 per cent in Bank Almashrak which gave the group, headed by Mr Roger Tamraz, 84 per cent majority

control Those who stayed beve kept a lower profile with the U.S. ones withdrawing to Christian East Beirut. They heve reduced their involvement in the economy, waiting for better times or anxious to avoid losing international face.

Arab investors have been quick to fill the breach by buying foreign shareholdings. This is an indication of the profitability of an expanding system, the ettractions of banking the ettractions of banking secrecy which made Lebanon something of an off-shore centre, and the indomitably optimistic Arab view of Lebanon's long-term future.

The consolidated balance sheet of Lebanon's banks grew seven-fold from Le18bn in 1975 to Le78.49bn in 1983, a substantial increase even after taking

tial increase even after taking into account inflation and the depreciation of the Lebanese pound. After the 1968 mora-torium on the issue of bank licences was lifted, 10 banks were established.

Growth of 14 per cent to L£89.6bn in the nine months to September 1984 was a real decline in the face of mounting inflation and the strengthening of the dollar. About 30 per cent of deposits are in foregin

Over the nine months out-Over the nine months outstanding credit to the private
sector advanced by 12 per cent
from L£33.6bn to L£40.31bn
and lending to the Government
in the form of Treasury bill
purchases by 13 per cent from
L£14.71bn to L£16.65bn. But
private sector deposits were
only up 11 per cent from
L£54.64bn to L£61.72bn. The
rate of growth bas been e
worrying feature of the
Lebanese economy. It bas been
far in excess of local demand,
thus leading to a high level of thus leading to a high level of the Gur.

thus leading to a high level of the donger-established imports, facilitating the outflow of capital and stimuleting the pound's depreciation. The fact is also that the bulk of Bank Fransbank (formerly Banque

BY Richard Johns

year was to finance interest payments on existing debt. Before the civil war a hand-ful of leeding foreign banks controlled e disproportionate amount of deposits, partly reflecting doubts lingering long after the Intra Bank crash. Now 18 operate in the Lebanon, including five Arab institu-

At end-1983 they held 14.4 per cent of total assets and 15.1 per cent of deposits. But they extended only 7.6 per cent of outstanding credit, showing a cautious prudence about the risks of local lending.

Most prominent among them were the (Jordanian-owned)
Arab Bank (which handled the bulk of the PLO's funds in the country up to 1982) with deposits of L£2.93bn et end 1983; Banque Nationale de Paris, L£2.21bn; British Bank of the Middle East, L£1.75bn; and Banco Di Roma, L£806m. Respectively their ontstanding advances in the privates sector et that time were L£377m, L£589,000, L£511m and L£275m.

A further 26 were under foreign majority ownership, 10 Arab controlled. With 244 per cent of all assets, they were responsible for 27.9 per cent of private sector credit. private sector credit.

Most prominent cre Banque
Libanon-Francaise (60 per cent
under control of Banque IndoSnez and Compagnie Francaise
de Credit et de Banques), and
Societe Nouvelle de Banque de
Sprie et du Liban which is

Syrie et du Liban, which is controlled by Banque Otto-mane and French interests. Thus the Lebanese banks bad just over 60 per cent of assets and deposits but a rather greater share of loans. Since the civil war they have ex-panded aggressively abroad to compensate for deckining opportunities in the country especi-ally in Paris to service the expatriate Lebanese community. Of the 15 with a foothold there, only two were established before 1956. Some have a presence in London, while the Banque Audi is ranked seventh among Arab banks in New York. Others have spread their opera-tions to the Gulf.

As the North Americans have moved out and other foreign banks marked time, big Arab international entrepreneurs

rushed in ... Mr Radik Harari, the Lebaneso-born Saudi business-man, took over Banque Mediterrance and set up the Saudi-Lebanese Bank in which he holds a 51 per cent stake. Mr Suleman Oleyan, the Saudi billionaire, more discreetly has 40 per cent of the Royal Bank of Canada in Lebanon.

The Mahfooz flamily, also of Saudi Anabla bought the Toronto Dominion Bank operation, beosting its capital and renaming it the United Bank of Saudia and Lebanon. Mr William Kazan and his Saudi partners, including Prince Mohammed Bin Fahd, son of the Saudi monarch, owns the Bank of Beirut.

Sheikh Ramel Adham's al Madani group injected funds into the Banque Byblos and became partners. The ailing and almost dying Majdalani Bank, the object of about LE75m of central bank support from 1974central bank support from 19741982, has been revived and
transformed into the Allied
Business Bank by the Zadem
Brothers, owners of one of
Lebanon's biggest contracting
groups. Most recently, Mr
Issam Fares's group, already
well established in Paris,
launched the Wedge Bank
under the chairmanship of Mr
Ellas Sarkis, the respected Elias Sarkis, the respected former president. Mr Fares, a Lebanese businessman is closely linked to Prince Turki bin Abdel-Aziz of Saudi Arabia.

If all that investment has not

If all that investment has not constituted a vote of confidence, it is hard to see what would. The newer institutions and those strengthened by new ownership or shareholdings with increases in capital can feel comfortable. For instance, only 3 per cent of Allied Business Bank's loan portfolio was inherited from its antecedent shell, according to Dr Elias shell, according to Dr Elias Saba, its chairman, who is a former Minister of Finance and

while investing surplus cash in Treasury bills, it has been eble carefully to choose customers. Half its deposits are for all banks.

The Bank of Beirut and the governor of the Central Bank one of the most conservative institutions; decided not to expand outside Lebanon but bas a majority in Saudi non-institutional investors. It is typical of the Saudi banks, with 12 per cent of its lending covered by reserves. For the second year

with the central bank's recom-mendation.

It is also planning to double its capital to L&100m, Mr Toufiq Assaf, its chairman, says. As a metter of policy, it has been maintaining liquidity of not less than 73 not certain.

than 33 per cent
High liquidity means investing pounds in treasury bills.
In November, banks lending in this form amounted to L£15.5bn, or 29 per cent of total credit, with yields having reached a record level of 16.12 per cent for 3 months, 16.80 for six months and 18.34 for one year. But with the government solvency in danger the banks are growing reluctant to take up more. Last year there was

a sharp fall in the proportion of six-month and one-year bills Inter-bank dealings have been greatly facilitated by La Societe Financiere du Liban which began operations last summer with a fully paid-up

capital subscribed by 33 banks. It was established to help the creation of a secondary market initially by dealing in treasury bills. It had a portfolio worth L£75m at the end of last year.

Following the critical depre-ciation of the Lebanese pound, it has also assumed an imporit has also assumed an important role in the foreign
exchange market. Since then
75 to 80 per cent of dealings
were passing through it,
according to Dr. Nadim Saiba,
chairman and general-manager,
formerly with the central bank.
In the longer term the plan
is that it should develop a
market for new debt instruments to help mobilise funds
for the reconstruction and for the reconstruction and development of Lebanon In the short-term, while the appeal of treasury bills may be declining, some banks have speculated in the currency market, floring applications and exceptating.

regulations and exacerbating the currency's difficulties. Others have dabbled danger-custy in commodities.

Liquidity is a problem for smaller houses, and the general threat from bad debt can only

grow.

Mr Assaf can afford to be philosophical "Banks have to be tolerant. Normally we be tolerant. Normally we recover debts sooner or later. eble carefully to choose customers. Half its deposits are in foreign currency compared with an average of one-third for all banks.

The Bank of Beirut and the Arab World, one of the most conservative institutions; decided not to expand outside Lebanop but has a materity of the consumer to larger of the consumer to the conservative institutions; decided not to expand outside Lebanop but has a materity of their exposure to hig debut. their exposure to big debtor

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#### LEBANON 3

Stopping the slide in the country's now fragile economy has become an urgent priority

## Hard to see where it will all end

BACK IN the late 1960s and early 1970s the Lebanese used to talk of the "economic miracle" to explain how their country, lacking in natural resources and dependent on imported goods for most of its needs, could present and enjoy a rapid growth.

prosper and enjoy a rapid growth.

The answer, of course, lay in a combination of factors: its liberal economic system, bank secrecy, the opportunism of its entrepreneurs, the emergence of Beirut as the focal point of business in the Middle East, the country's tourist and recreational attractions, and— even then in those days of break-neck-boom—the remit-tances of expairiate Lebanese seeking their fortune or livelihood abroad.

By RICHARD JOHNS

abroad sustained, in a different and much impoverished form the "miracle,"

Their remittances were the main factor keeping the balance of payments in surplus up until 1982. The inflow of money to

Palestinian guerrilla factions, roughly reckoned to be at a rate

of \$1m a day, was another boost until they were dispersed by Israel's military action.

At the end of 1982, the Bank of Lebanon's foreign exchange reserves (excluding its 9,222m or of gold) reached a historic

ing a capital inflow and actually

boosting the value of the pound until the divisive effects of the

occupation and its exploitation of sectarian divisions became

1963 and then events of February 6 last year when the Druze and Shi'ite milities

The net result is that invisible earnings easily covered the ever-increasing trade deficit building up a healthy cushion of gold and foreign exchange reserves.

It was even more miraculous

It was even more miraculous how the economy kept affoat for so long after the civil war of 1975-76, the prolonged Syrian occupation of a large part of the country, years of intercommunal fighting and finally the blow delivered by the Israeli invasion of 1982.

Quantifying the physical destruction is a difficult, perhaps impossible, task, nevertheless one of the conclusions of a study commissioned by the Bank of Lebanon and written by Prof Nasser H. Saidi, Professor of Economics at the University of Geneva, was: that the devastation done to the country's capital stock in the 1975-83 period had reduced it to ebout its 1964 level. He calculated that the "net destruction of non-human capital" at 1975. high point of \$2.6bu. Curiously in retrospect the Israeli inva-sion for a while revived hope of a stable political order stimulattion of non-human capital" at Li36bn et 1982 prices (the equivalent then of \$7.6bn). fully apparent.
From mid-1963, the "miracle" rapidly evaporated. The fatal blow to confidence came with the Chour war in September

#### Estimates

"The true loss as measured by the differences between the actual capital stock and the potential stock is more like

by the differences between the actual capital stock and the potential stock is more like potential stock is more like actual capital stock is more like actual capital stock is more like potential stock is more like actual capital stock is more like potential stock is more like actual capital stock is more like potential stock is more like stock is more like potential stock is militar it conditions since the Spring of 1983 dimmad expectations and led to reduced activity, even in the samp.

Having recorded a surplus of in those areas not directly affected by the conflict. The change of the central banks in 1982 is expected by the conflict. The potential stock is more lake potential stock in 1983 and one of 1984 is expected to be shout in the central banks in 1984 at the end of the corresponding level before the conflic

intel



President Gemayel speaks at reconciliation talks in Lausanne last year. Real progress in resolving Lebanon's political problems is crucial to stemming the slide in the economy

Industrial exports recovered fast from a monthly rate of Leiton in August to well over

L£300m by the end of the year, largely because of the depreciation of the pound, according to the industrialists. They put the

ideal exchange rate at LE7 to the dollar.

The performance, whether or not it can be contained in the

face of the corrency collapse, at least reflects the high value added content in Lebenese

industrial output. On average, it is said to be about 70 per cent but can be as high as 90 per cent for textiles and some

direction there has been a direction fall of income from remittances, as savings of Lebanese abroad have fallen because of the recession in the Gulf and loss of confidence in the country's future.

The fall in the net commercial assets of the commercial banks from the equivalent of 1983.

Lebanese army wrecked nearly all industrial capacity outside the Maronite Christian beart-land.

The fall in the net commercial assets of the commercial banks from the equivalent of Leio, 80hn at the end of 1983 to Leio, 22hn at the end of November is an indication of the extent of the capital out-

For 1984, there is a dearth of statistics about productivity. The International Monetary

reconstruction was reasonable.

The loss of skills as a regult Lé12bn to Lé13bn, according to on which the sector is totally of emigration and of life as a the Beirut Chamber of Comresult of fighting is unquantificular to the sector is totally and countries anxious not dependent, lack of finance to buy new machinery and, for the economic disaster.

In the short-term, the exodus of Lé286bn to Lé197bn, according of Lebanese to obtain work to Economistr's calculations, first half of 1984, industrial marketing and export sales. mounting cost of raw materials, on which the sector is totally dependent, lack of finance to

have been badly affected elsewhere by the security situation. In the general disruption and chaos, only the growing of marijuans in an expanded area of cultivation in the Bekes can be said to have really flourished.

Observers have also noted in-creased cultivation of popples presumably for the purpose of making the noxious substance, optim. Proceeds from these high value cash grops benefit only a small minority and the bulk of profits are accrued outside the Lebanon.

The country is only about methird self-sufficient in meat and milk products. and milk products.

Two years ago it was estimated that overall output in the sector was falling 2 per cent annually while population was increasing by 2.5 per cent.

Perhaps the only economic compensation for Lebanon's prolonged crisis has been the return to the land of younger people from urban centres, for want of any other job opportunity.

want of any other job oppor-

funities.

Established early in 1983, the Board for Foreign Economic Relations is helping to maintain exports at something like their pre-1982 level of 300,000 tonnes annually, as well as promoting Lebanon's excellent heady red wines. The board, chaired by Mr Sami Maroun, a close confident of President Gemayel, is still somewhat controversial with its powers over. troversial with its powers over-lapping and conflicting with e number of ministries in a government where economic policy co-ordination is minimal. But the majority of business-men seem to be in favour of it. in principle, at least, though Moslems think it is "Christian-

orientated," despite multi-confessional representation on the eight-man board. A very wealthy self-made businessman in his own right, Mr Maroun is pushing proposals whereby, on a pilot basis, the private sector would be given concessions for telecommunications. tions, power generation and land recisemation. He believes that the private sector is better than the state et achieving any-thing—and Lebanon's history in

Like industry, the agricultural sector—badly neglected before the troubles—has been hit by restrictions placed on exports of fruits and vegetables by Arab countries anxions not to let Israell produce indirate their Lebanon's enterepreneurs have certainly not given up as they look ahead in hope of a they look ahead in hope of a new order and stability.

Eptimising the indomitable optimism are the Saab brothers.

Together with fellow Lebanese "we Lebanese have the and Arab-investors, they conmow that we are poor."

happier times supports his view.

Hotel and resort complex on the southern outsidits of West southern outsistrs of West Beiruit, now guarded like Fort Knox. Of this money, helf is for improvements and helf to cover operating costs of the complex.

complex.

In June, 1982, it presented the Ismedis with an easy economic target and was hit by over 300 rockets, causing Le44m of damage. A car bumb explosion in July, 1983, set the group back another Le11m.

One day, perhaps a portion of Lebanese private foreign assets, variously estimated at anything between \$10bn and \$30bn, might come back, plus substantial other Arab invest-ment as well. But for the moment, visionary optimism and plans for reconstruction are now enveloped in the darkness of the immediate future.

#### Grim truth

The appailing reality of The appailing reality of Lebanon's predicament is now being brought home to all citizens by rapid depreciation of their currency which has fallen by about a half against the U.S. dollar since the start of 1985. The low point of more than Le15 to the dollar, reached recently, compares with Las.46 et the end of 1983.

Since the slide started last summer, the tendency has been to blithely blame the "Sollar mafia" of speculators. Mr Rashid Karami; the Premier, recently alluded darkly to a conspiracy."

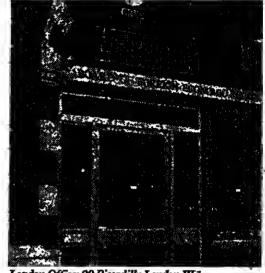
The Bank of Lebanon's attempts to support it have not always been edept and cost it \$520m of precious dwindling foreign currency reserves last year. It also ran them down by enother \$752m to meet the by another \$763m to meet the Government's foreign exchange requirements which should, in the opinion of the IMF, have been obtained from the foreign currency market.

With the Government ver-ing towards insolvency, thou mercifully with only a negli-gible external debt, and the Bank of Lebanon with only enough reserves, apart from the precious unfouchable gold (currently worth a little less than \$30n, enough for three or four months' essential imports), it is hard to see where it will all end . . . at least one can only agree with Prof Nadlm Munia at the American Univer sity of Beirut when he says that we Lebanese have to realise

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With a staff of 3,300 people, the American University in Beirut is one of Lebanon's largest employers, but its financial deficit is rising fast.

## beleaguered institution

THE SPRAWLING campus of the American University of Beirut (AUB) with its stone buildings, palms and ageing pines shading its alleyways has produced physicians, engineers, social scientists and historians in the Middle East for three generations. The survival of this 118-year-old academic institution is now et stake.

It has e financial deficit of \$15m that is projected to shoot np to \$19m in 1986 and \$30m the year after. Student enrolment is down to about 4,000 from previous levels of 5,000

Dr Calvin Plimpton, 66, 2 Harvard-educated physician, recently came out of retirement to assume stewardship of the university, despite the potential danger to Americans in Beirut. He hopes to boost donations from the alumni, cut costs and steer AUB out of political and есодотіс ргеззигея.

economic pressures.

His predecessor, Dr Malcolm
Kerr, was shot dead by activists
on January 18 1984. They
claimed to be members of
Islamic Jihad, the organisation that has blown up two U.S. embassies, and Marine and French troop bases in Beirut.

Dr Kerr's assassination was

the severest blow ever dealt to this vital institution of higher learning, despite 10 years of civil war. In the past year, an American professor has been kidnapped and released, and a 63-year-old librarian, Peter

Kilburn, is still missing.
Dr Plimpton said the U.S.
Government has been the biggest supporter of the university,
but it is a gross error to think
that this support is unlimited
or continuous. Some funds
come from Middle East countries, but those depend on the state of internal security in Lebanon. Arab governments have been reluctant to infuse money into Lebanon while political turbulence and insta-bility persist. "AUB is not an isolated

"AUB is not an isolated island of peace and prosperity. We have been more or less on a survival course for a number of years," said Professor Adnan Iskandar, chairman of the Department of Political Science. The university was almost forced to close its doors in 1976, were it not for last-minute infusion of Leign from the Lebanese Government.

Lebanese Government.

Mr William Jecobson, the director of the American University Hospital said the Lebanese Government now owes AUB L£65m. Of that figure approximately Y reactions.

Onanimity

AUB's budget for 1985 is \$85m. Dr Plimpton said he was determined to fight for some degree of "financial resuscitation."

Dr Plimpton insignificant in the said of the said



Following the assassination of Dr Malcolm Kerr by gunner, Dr Calvin Plimpton, 66 (above, right), has taken over as president of the American University in Beirut. Mrs Kerr (centre), with her bodyguard, is seen here leaving a recent memorial mass for her husband

Health and Social Security dues.
The hospital is being reimbursed less and less by the
Beirur Government for "third
class" patients. Employing
around 1,250 people, including
doctors, nurses, orderlies and
administrators, the hospital is
rupping signatic costs.

running gigantic costs.

AUB has about 3,300 people on its payroll and is thus one of the largest employers in the

omitry.

Mr Jacobson says the major obstacle to the hospital's operations is the lack of security and he pointed out that this problem was not unique to the hospital Gunman brandish-ing wespons often force their way to the emergency room screaming and demanding ettention for casualties they bring in People are desperate. they want care, they are out of jobs, be said.

AUB L£65m. Of that figure, university's job was to stay. approximately L£22m are for You can't buy or sell e place the treatment of casualties from like this, be observed, ruling the treatment of casualties from like this, be observed, ruling that there were 1983 to 1984, he added. The out rumours that there were taught, rest accounts for Ministry of plans to creat another univer. "I a

There was unanimity among the university's top edministrators that an American was needed as president because, not being a Lebanese, he could best reaist political pressure groups and because he would not be associated with one religious community or the other. It has been difficult, bowever, to fend off demands who are afraid of crossing from admission, a fact that has admission, a fact that has affected standards at the

Despite a concerted effort to get AUB out of politics and keep it non-sectarian, the complexities of religious life have permeated the walls of the university. Islamic fundamentalist students lobbied heoticly to suspend classes on ficity to suspend clases on Friday and, as a result, courses with only one section are not scheduled between 11 and 1 thet day of the week to leave the time open for mid-day prayers. AUB, a private institution, was founded in 1968 by American missionaries.

university.

"I am still dictator in the

sity somewhere else in the classroom," commented Prof.
Middle East.

There was unanimity among the university's top edministra
the university's top edministra-

porary but costly venture. It is an arrangement that will be phased out, when peace comes,

administrators say.

The Christian or eastern wing of the university has no laboratories or libraries. However, it has been maintainted so as not to deprive those who fear for their safety from an education, according to Dr Plimpton.

Brushing aside risks for his own life, Dr Plimpton stresses that his aim is to help in keeping AVE align as it could visit

thet day of the week to leave the time open for mid-day prayers. AUB, a private institution, was founded in 1968 by American missionaries.

University professors emphasised that no one had yet interfered in the material they in, it is also worth failing in.



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#### **LEBANON 4**

City's insecurity mounts in the wake of rising crime and violence, as Nora Boustany reports.

# Beirut mourns a lost way of life

A HEAVY cloud of dust gave shabby buildings a ghostlike eerieness in the early morning. "God is angry with us," nodded a lone garbage collector, acknowledging the heavy sky.

This is how he summed up the spasms of violence, car bombings and spate of kidnappings that have gripped Beirut, once known as the most civilised of Middle East capitals. Though the wholesale shelling and aerial bombardment have stopped, individual crime, robberies and mysterious abductions are on the

Since February last year, the stalling hisstproof curtains, predominantly western part of this Mediterranean city, referred to as West Beirut, between slipped into convulsions of anarchy and its inhabitants seem sentenced to the law of the integral of th

the jungle.
During the February uprising in 1984, Syrian-backed Moslem militiamen defeated Loyalist Christian-commanded recover.

Following the battle for Beirut, the western section of town and its southern suburbs were entrusted to the mainly Shiite Sixth Brigade, However, the army force has not been able to assert itself in the face of the two dominant militias here, the Shiite Amal Movement and the Druze Progressive Socialist Party. Its ineffective-ness is due to low troop morale, the last of cohesiveness and identification with the militias on the ground.

#### Refugees

The influx of refugees from South Lebanon, Beirut's crowded slums and mountain villages, unemployment and soaring prices have created unsoaring prices have created the precedented economic pressures. Car thefts, holdups in restaurants and more refined techniques of roguery have earned Beirut\_the nickname "paradise of thieves."

Newspapers are a daily chronicle of horrors and calamities pet no one is caught or

mities, yet no one is caught or reprimanded, except occasion-ally. ally.

As a result, shopkeepers and citizens have taken the law into their own hands. Sharpshooters guard inventories and shooters guard inventories and shooters. The shooters guard inventories and shooters guard inventories and shooters. shooters guard inventories and storage rooms, residents carry personal weapons and diplomats and politicians do not travel in the city without carloads of bodyguards.

"It was the Mecca of liberalism and as such, was mistrusted in the Arah world," says Professor Ghassan Salameh, who teaches political

is the terrifying carbomb, which is frequently used as a political instrument or for the settlement of scores. It is not ommon for gunmen escorttroops, causing a division of ing ambulances with carbonh the army along religious lines victims to shoot their way from which it has yet to through traffic, causing more

casualties on the way.

To make light of this predicament the joke is often told that, finding living unbearable here, even roosters and doge want to emigrate: the roosters beceuse carbombs now wake people up in the mornings— and the dogs because their protection is no longer needed with so many bodyguards

Deteriorating living condi-tions and repeated warnings hy Shiite fundamentalists to Americans to leave Lebanon, heve driven the majority of them out of West Beirut or the

Of 2,000, roughly 200 of them remain, including diplomats, teachers, journalists, doctors and relief workers. The upsurge in lawlessness has prompted many Westerners to abandon West Beirut and hardly any Arab embassies still operate here. Ras Beirut, the heart of West

Beirut, which in more peaceful times attracted men of letters, artists and bankers, is losing its special standing, just as Alexan-dria did before it, and Constan-

With all the measures that science at the American Uni-embassies and husinesses have devised for security, such as in-have become worse than they



Christian Phalangist soldiers use fire extinguishers on the wreckage after a car bomb explosion outside a hotel in East Beirut

are (Arabs), so maybe we will accept to be like them," he

The American University of Beirut has often been credited with providing Arah nation-alists with a forum and accused of breeding terrorists and guerrilla leaders.

"For a writer to be known

in the Arab world, it was to be published in Beirut; to be saved in the Arab world was to come to Bas Beirut," he recalls. It was a refuge for political opponents, surrealist painters and non-conformist writers.

Beirut still enjoys the freest

Press in the Arab world, a source of embarrassment and resentment for Arah regimes. Ras Beirut, the "Hyde Park of the Middle East," was not only important as a centre for cul-

ture and civilisation, but because it provided continuity for major institutions that employed thousands of Lebanese from a mix of religious confessions.

The American University of Beirut (AUB); the national flag-carrier, Middle East Airlines; the leading An Nahar newspaper; the banks, restaurants and hotels, were all institutions that were strong enough to protect anyone working for them. This no longer holds true.

Last year, the president of AUB. Mr Malcolm Kerr, an American, was assassinated ontside his of e on campus. The vice president of Middle East Airlines, Sami Rababi, a Christian, was kidnapped this

month and he is still missing of well-being, or give them.

To the ontside observer, some spiritual strength to cope Beirut has become unmistak-ably "rural." The slaughtering but they are using their religion as a means of leverage for political power, and as a form times. The Greek Orthodox and communal identity. Sunni Moslem city dwellers, who once were dominant in this coastal metropolis, are now outnumbered by Shiites and Druze whose numbers swelled in the aftermath of the Israeli invasion in 1982 and a bloody

mountain war in 1983. In a speech marking the February 6 revolt, the South Lebanon and Justice Minister, Nabih Berri suggested that once the Israelis leave many villagers will return to their

"Historically, the trend of migration from rural areas to urban centers has yet to be reversed," says Dr Adnan Iskandar, chairman of the political science department at

What is happening is that Belrut's sociological landscape is being redrawn.

To many villagers, Ras Beirut was the land where alien languages were spoken, where beautiful women lingered and where they did not fit in with the crowds of intellectuals moving from the Horsesbeer cafe to the Express Coffee Shop on Hamra and from the Express to the Dolce Vita by

"Ras Beirut was the forbidden fruit. Now it has fallen into their hands and they are devouring it. There is no sent-ment of identification with it." commented Salameh.

Alienated by a town that is not theirs, Shirtes have sought to impose their own sense of belonging through religious fervour and ritual they flaunt with noontime prayers and

"The Lebanese are not using their religion as, a spiritual force which brings them closer to God, or as a force which will help them restore their sense

Samir Khalaf, a leading Lebanese sociologist.

The distinct Islamicisation of West Beirut and the feeling that Christians are no longer desirable or privileged citizens has pushed some \$5,000 of them to move to the eastern and ostensibly safer sector since February 1984.

#### Prejudices

The Lebanese have retreated into their religious seem and their prejudices defuding themselves with a false sense of security. Religion aside violence has served as a great equaliser in Lebanea, witing across class differences and socio-economic boundaries.

"In Lebanon you punish who you can, not who you we notes a cynical observer of

scene. The danger of going out has virtually paralysed nightlife in Belrut, which was once regarded as a centre of perdition with its bars, bordellos and dancing clubs.

In contrast, health clubs are mushrooming around town and are frequented by a breed of Beirutis still fighting for their health and their sanity and of ourse, by those who can afford The Heliopolis Club, a

million-dollar project offers squash halls, billiard rooms. aerbbics classes, sauna Jacuzzi and an olympic-size swimming pool.

Despite a few exceptions, the

majority of Berrutis stay in-doors in what sociologist Khalaf described as a "chronic state of mourning for a lost way of life that may not be re-captured again."

In the meantime, and, in the

absence of any visible political solutions, the best residents can hope for are long ceasefires.

Losses rise for Middle East Airlines

# 3ig setback for airline

THE DILAPIDATED state of Beirut Airport dramatises of all parties, for a merger," he inefficient," and "maintenance ineffici

main runway.

Nearby, at the headquarters of MEA, executives try to keep the airline running in some-times desperate circumstances, including the continuing had security situation in West Beirut on the fringes of which the airport is located. .

Salim Salaam, the 62-year-old chairman of MEA, notes that Beirut Airport has been closed for 545 days in the past 10 years, or almost 20 per cent of the time.

After MEA's huoyant period

in the early 1970s, foreign businessmen and tourists have simply stopped coming to Lebanon and that traffic will not resume until peace is

The airline's accumulated losses in the past decade total between L£500m to L£600m. MEA this year landgeted for a L£150m loss, but that was at a notional rate of L£8.50 to the U.S. dollar. The continuing slide in the value of the Leba-nese pound means the deficit will be significantly higher.

Last year, MEA anticipated a L£50m loss. After the air-port's closure for much of the year, losses were in the order of L£250m.

#### Catastrophe

"The last 10 years have been "The last 10 years have been financially catastrophic," said Mr Salaam, who has spent his working life with the airline. "But we realise this is a national instrument that has to be protected. Luckily we have stuck together and survived."

The national airline and airport are not simply mublic. port are not simply public utilities as they would be in most countries. For many Lebanese they represent a line with the outside world, an escape hatch from war. Closure of the airport has been an unpleesant reflection turnoil within the country. MEA's clientele these days underlinee Lebanon's increas ing isolation from the world of commerce and leisure. The commerce and leisure. The split" of passengers used to be 80 per cent foreigners and 20 per cent Lebanese. Since 1980, it has been 85 per cent Lebanese and 15 per cent foreigners.

foreigners.
This year MEA has been averaging passenger loads network-wide of between 40-50 per cent, well below the breakeven point of 58-60 per cent.

In the early 1970s, the air line's business was growing et 10-15 per cent per year. After 1975 it shrunk at the rate of 5 per cent a year until 1982-83 when the slide in its fortunes accelerated and passenger loads came down 30-40 per cent. To keep the airline flying end

its creditors at bay MEA recently negotiated a lesse-back arrangement with American Express Bank for two of its three Boeing 747's with an

of the third. scheme raised \$36m in much-

needed capital. There are also plans for merger with Lebanon's "second airline," Trans-Mediterranean Airways, a private cargo carrier controlled by controversial Lebanese business, Roger Tam-raz, chairman of the powerful

indeed encouraged, the merger under which shares in e new holding company would be divided 75 per cent to MEA and 25 per cent to TMA, but the MEA board has reservations.

agreement about he respective value of the two airlines and

was virtually inevitable, saying it would remove a headache from the mind of the Government which would be able to concentrate on MEA, rather said, to revamp MEA's ageing all Boeing diest of three than "two ailing people."

"There is a need, Mr Salaam said, to revamp MEA's ageing all Boeing diest of three than "two ailing people."

"There is a need, Mr Salaam said, to revamp MEA's ageing all Boeing diest of three than the said to revamp MEA's ageing all Boeing diest of three than the said to revamp MEA's ageing all become "fuel-

Intra Investment Company, the major shareholders in MEA The Government has approved

Mr Salaam said there was dis-

what staff rationalisation might take place. There was also a concern about bringing together two sick companies that might cause bigger problems in the But the MEA chairman indi-

totally."

MEA managed to live on its accumulated reserves (about £350m) until 1982, but since then has had to borrow extensively. Its total indebtdness is between L£400m and L£500m. Confinuing Government support is necessary for the airline's

#### Scrapped.

Mr Salaam described the Israeli invasion of 1982 as the "tunning point," for MEA. Plans for new aircraft and new routes had to be scrapped. These plans have now been revived along with an attempt to make Beirut & regional service centre for Boeing 747s. In 1982-83, MEA built a hangar capable of handling "jumbos." Executives hope that the facilities can be out to use.

There are also plans to extend the airline's routes in to the Far East and to South America where there are size-

Boeing representatives about possible new acquisitions. Mr Salaam, who is a mem

ber of one of Lebanon's patrician families, said the airline's plans for expansion were an indication of its determination to keep going. . "It is the baromter of the

economy," he said "Everyone looks at Lebanon and judges it. in part, on the health of MEA, As long as the airline is kick-ing and operating then they have hope."

MEA is the largest private employer in Lebahon with a staff of 4,900, none of whom were laid off during the crisis, although all staff members above a minimum salary were obliged to take a pay-cut of up to 50 per cent for the extended periods when Beirut Airport

was closed. Mr Salaam estimates that 20,000-30,000 families directly cluding tax drivers and food vendors. It has an insurance

scheme benefiting 20,000. Mr Salaam said that, at times, such as when members of staff are kidnapped "you despair a little," but "you can't afford really to be despairing other wise you would have to close the airline." ANTHONY WALKER

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## The bill could be \$33bn

RECONSTRUCTION is an inadequate word to describe Lebanon's material needs after 10 years of war. Along Beirut's "Green Line," the confrontation zone between the city's mainly Moslem West and Christian East, buildings have been shattered by artillery shells, mortars, rockets and thousands of rounds of small-arms' fire.

In Beirut's dock area, and inland towards the Damascus road, lies a trail of destruction that recalls pictures of Dresden after the saturation bombing of World War Two.

Tha civil war, the battle etween the Palestinians and between the ratestimans in the Israelis, fierce fighting in the Chouf mountains between Christians and Druze, and Israel's occupation of South Lebanon have destroyed, according to some estimates, more than 20 per cent of Lebanon's infractive transparent transpar

The Council for Development and Reconstruction, CDR, the body established in 1977 to oversee attempts at Lebanon's rehabilitation, estimates the total cost of putting the country back together at \$33bn, but officials admit the massive sum is a "ballpark" figure.

"The figure is the result of best assessments," said Dr Edouard Debbas, vice-chairman of CDR and director of tha projects department, "People with often incompleta information of the projects department, "People with often incompleta information of the projects department," tion are trying to arrive at the cost of various sectors that need reconstruction."

#### Ravaged

Dr Debbas says that reconstruction needs cover tha "whole gammt" of Lebanon's infrastructure — from roads ripped up by the steel tracks of tanks and potholed by artillery shells and mortars...

to water and sewage facilities to water and sewage facilities which have fallen into disrepair because of lack of maintenance, or through the ravages of war.

Officials say that Lebanon has effectively lost 20 years because of the decade of strife. They

master-plan for the country's phones have been waiting, in the Arab world, but because of rehabilitation. One of the probsome cases, two to three years: the continuing bad security lems was to take account of the Attention is also being given situation, few countries are huge demographic movements to the needs of industry, but coming forward.

#### BY Anthony Walker

in Lebanon that are one of tha consequences of the war.
Thus, it doesn't make sense,
Dr Debbas said, to replace a
four-inch pipa with a four-inch pipe when population changes mean you need an eight-inch

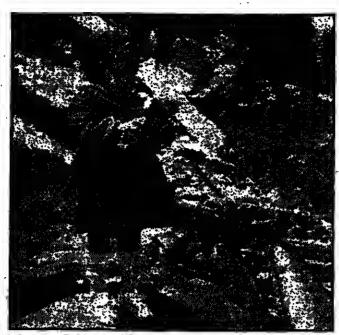
This year's CDR budget, approved by Lebanon's of Ministers, reflects reconstruction priorities. Housing receives the higgest allocation of L£lbn, roads get L£300m and schools L£285m. In all, some 1,200 schools throughout Lebanon were

either destroyed or damaged in the fighting. About 700 have been repaired and reopened. Tha CDR has attempted to spread funds evenly between various parts of the country to avoid charges of communal

budget of L£4.03bn will go to
the north, the same amount to
a the south, 13 per cent to the
Bekaa in the east, 25 per cent
for Mount Lebanon and about
20 per cent to Beirut itself.
Attention is being given
reconstruction Attention is being given to reconstructing Beirut port in a L£100m project to upgrade container facilities, and repair cold storage and maintenance equipment badly damaged by

of the decade of strife. They point out that not only was there mass destruction in almost every sector, the country ceased totally to improve and maintain existing facilities.

Dr Debbas said that reconstruction efforts were going forward in "progressive planned, prioritised stages" in an attempt to ensure that work done now is within an eventual master-plan for the country's phones have been waiting, in the event, the council has gone ahead at the risk of fresh destruction because there was telecommunications system little point in making "paper which remains in a state of plans" and one official. "He the west side, Some L£1Im is being spent on rehabilitation of new switching equipment of new switching equipment and lines to meet what is plans" into reality, Lebanon needs massive outside assistance from the West and from phones have been waiting, in the Arab world, but because of



A young Lebanese girl stands in front of shattered buildings on the Green Line. Scores of Beirut's buildings have been totally destroyed in 10 years of continuous war

money allocated is inedquate. L£200m has been made available in the latest budget, the same amount as last year. Industry representatives estimate

closures last year.

A dilemma for the CDR has been whether to proceed with reconstruction, even though security remains tennous in many areas.

In the event, the council has

Lebanon has been unlucky ecause the downturn in because the downturn in economic activity in the Guli and the cost to Gulf states of the Iran-Iraq war has squeezed prime potential source of

At the 10th Arab Summit Conference in Tunis in 1979, US\$2bn was pledged, but less than 25 per cent has been forth-

than 25 per cent has been forth-coming.

According to CDR figures (provided in a report to the Council of Ministers, early this year), since 1977, Lebanon has been promised \$3.135bn in grants and bas concluded \$782.6m under financial proto-cols and from regional and international lending agencies Of these amounts only Of these amounts, only \$1,207bn (or 38.5 per cent) has been received and disbursed. Dr Debbas said simply that
Lebanon "needs help in a massive way" and "all types of
help that we can get our hands
on is welcome." Hussein
Khanan. newly appointed

Deputy-Governor at the Central Bank, said what was needed was "marshall plan" to assist Lebanese reconstruction.

But these calls, as was made clear by a senior Western dip-lomat in Beirut, will lack

Reconstruction finance

(a) Grants: (Tunis Holland Holland Australia (b) Financial protocols (government-te-

government loans): First French Protocol Second French Proto-Czech protocol .... West German lean

(e) Loans from inter-national and regional lending institutions: World Bank .... Abu Dhabi Fund ..... 

Source: Council for Development and Reconstruction.

credibility until security is restored and genuine progress made towards the establishment of a stable political system.

The CDR report estimated
Lebanon's external financing requirements for reconstruction into the mid-1990s at about \$10bn or between \$1bn and

\$1.2bn a year.
Mr Rashid Karami, the Prime Mr Rashid Karami, the Prime Minister, claimed after a visit to Saudi Arabia, last July, that he bad received undertakings of increased Saudi assistance. But apart from belp in clearing rubble from the streets of Beirut through Oger Liban, the company controlled by Rafik Hariri, the Lebanese businessman, little additional Saudi assistance has been publicised in the wake of Mr Karami's Riyadh talks.

Other schemes have been put

Other schemes have been put forward to fund rehabilitation work. In a paper by Dr Selim Hoss, a former Prime Minister and now Education Minister, to a special conference held in Lausanne last September to discuss Lebanon's reconstruction, it was proposed that a special merchant bank be formed to assist industry.

Dr Hoss said the bank would need between L14 to L45bn of which one-quarter would be supplied by the Government with the rest coming from what he called "very soft loans from official sources in friendly

countries \*

Damage to buildings and agriculture in South Lebanon could cost \$12bn, claims Moslem leader

## Upheaval in the South

NABIH BERRI, the Shifte Moslem leader and Minister for South Lebanon, paints a bleak picture of conditions in the south, under Israeli occupation. Widespread destruction has been caused, communities have been uprooted and the economy is in ruins, ba claims.

"I do not think I can describe everything," he says. "It would take three to four hours there is no village or town

would take three to four hours
... there is no village or town
in the South that is without
damage, and many places have
been completely destroyed."
Hussein Khanan, immediata
past chairman of the Council of
the South and now Deputy
Governor of Lebanon's Central
Bank, claims that \$12bn worth
of damage has been done to
buildings and agriculture in
South Lebanon, South Lebanon, Agricultural output had

Agricultural output had dropped by more than 80 per cent. Citrus production (the main crop) is down 85 per cent. Oranges are being left to rot on the trees because Israelis made it difficult to export and supplied the market with cheaper produce. Fishing, a traditional industry in South Lebanon, is down 50 per cent, he adds.

Both Mr Berri and Mr Khanan allege that Israel sent its own agricultural produce through South Lebanan for export to circumvent the ban in the Arab world on imports of

#### Israeli products. Compensation

Mr Khanan says that in the Mr Khanan says that in the past three to four years the Council of the South has paid compensation of about L£330m but this is only a fraction of that required. He estimates that in the period between the 1975 civil war and the Israeli invasion in 1982, about 10 per cent of total damage was caused. Ninety per cent of destruction Ninety per cent of destruction has come since Israel's June, 1982 occupation, be says.

A massive population shift followed the Israeli occupation.

Since 1982, more than 200,000 South Lehanese have left out of an estimated pre-invasion population of 1m, either for other countries or for the festering southern suburbs of Beirut, according to figures supplied by

the Council of the South.

Many of those who left are professionally and technically skilled. According to estimates, more than half the doctors, engineers and lawyers of South Lebenon have departed.

Mr Khanan claims credit on behalf of the Council of the South for the fact that South

the called "very soft loans from discial sources in friendly countries."

Lebanese farmers have resisted giving up their land.

"We learned from the Palestinians," he says. "By leaving their land, they lost for help, it is not certain that their case in 1948. We do not were want to leave our land to pre-



Brig Mohammed Al-Haj, Leb-anou's chief negotiator at the Israeli troop withdrawal talks, in pensive mood

Mr Khanan expresses confidence that if Israel is to withdraw, conditions in the South will quickly return to normal.

"The minute you give him
his peace and stability, the
minute he will start producing." be says of South Lebanon's mostly Shitte Moslem popula-

Mr Beri alleges that Israel would "try to make trouble" in South Lebanon before the first stage of its pullout on February 18. "They have an interest in creating trouble between communal groups," he adds. "Because it will be an obstacle to the resistance."

We predict that as long as

to the resistance."

He predicts that as long as Israeli troops remain in Lebanon, resistance would continue and warns that his political movement, AMAL, would look to outside assistance if Israel did not keep to its timetable for a three-stage withdrawal in eix to mina months.

"If the Israelis don't leave, don't hama me if I turn to don't blama me if I turn to others for assistance, including tha Russians and the Palestinians," he warns, "because I would no longer have an excusa to say no.

"I would be e traitor to refuse such help . . . it is better for the Israelis, and for the world, for them to leave. If they

don't, they everything." will ANTHONY WALKER

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## Sector's remarkable resilience

Lebanese industry fights for recovery

NEEMA N. EMAD, president business at Tanta in the Nile and general manager of Delta, which employed 1,500 and Hulleries et Savonneries Naief manufactured edible fats and Emad SAL, manufacturers of oil and byproducts such edible oils, is one of hundreds soap, pharmaceuticals and oil of Lebanese industrialists hang- for paint, was nationalised in ing on in the hope that order 1961 in the Nesser period is restored and normal business "We had to quit," said Mr

In the 10 years of conflict, of nationalisation is 'you step Mr Emad has seen his modest out and they come in.' business — at the peak of opera-tion in 1874, the year before the war began, it employed 170 workers - slide from making respectable profits to the point where it is operating at a loss with a much-reduced workforce in what can only be described Mr Emad's business has been-

as a crazy business environment. buffeted by almost every con-ceivable misfortune. Domestic and international markets have been disrupted, raw material supplies have been held up, dues paid on imported feedstock to those operating Lebanon's illegal ports have gone through the roof, counterfeit and inferior product has been sold under the Emad label and a key

under the Emad label and a key hydrogenation process in the factory has been abandoned be-cause of the danger of shelling. "Things are not getting better, they're getting worse," said Mr Emad in his factory's offices, north of Beirut near tha port of Jounieh. "Nobody port of Jounieh. "Nobody now still has the confidence to invest fresh money. The main thing is to keep healthy until

Mr Emad and his brother, a Lebanese from Egypt, know something about "starting again." The large family

100

Emad,

An omen The brothers re-established in Lebanon in the mid-1960s and inaugurated their present business the day the 1967 Arab-Israeli war broke out. This may have been an omen.

In the 18 years since, the Emads bave had to live with almost perpetual conflict, either at bome or in markets nearby. Across Beirut on the fringes of the mainly Mostem western sector, the Saab family, Druze from Choueifat in the hills overlooking the airport, face similar problems to those of the Emads, although their story is more dramatic.

Their paint factory was almost totally destroyed by shelling on February 6 1984. Inflammable materials for paint manufacture and the paint itself caught fire and the build-ing was twisted and gutted in the intense heat.

According to Zia Chaker Saab, the deputy managing director, 100 per cent of the machinery and equipment was destroyed, 80 per cent of tha buildings and 60-70 per cent of

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"It was a miracle to have started production after six weeks, nobody could believe it," said Mr Saab. "But we had to do it because we had orders from overseas clients we'd had for soverseas clients we'd had for sive," he said. 20 years. We were worried they

would go elsewhere."
While the Saab's "Tinol"
paint business, a partnership
between three brothers, bas
made profits even during the
worst conflict, its activities are
much reduced by the war.

In 1974, before the fighting started, it produced 400,000 tonnes of paint. Last year, pro-duction was down to 200,000 These days, the business is

fighting to stay affoat and main-tain exports to help pay the foreign exchange costs of imported raw materials. Nearly 100 per cent of materials used in the manufacture of paint at the Tinol factory are imported. Supplies are uncertain and ex-pensive because of exorbitant dues paid to operators of "illegal ports" which flourish under the eyes of the Government.

Dr Fued Abn Saleh, president of the 1,200-member Indus-Association lems "have become so distressing that industry is much more feeling the effects of instability these days." Dr Saleh said industry had

Six weeks later the paint fac-tive capacity because of war "friendly tory was partialy rebuilt and damage to factories, some of listening, back in operation, testimony to the resilience of Lebanese busi-destroyed. But even worse was the fact that much of industry

and less willing to be aggres-sive," he said.

Dr Saleh estimated replacement value of damaged indus-trial buildings, plant and equip-ment at \$1.5bn. Six hundred to seven bundred industries had gone out of business, and those that stayed affoat were doing so mostly on borrowed funds and

Numbers employed in manu-facturing industry had shrunk from 135,000 in 1974 to about 50,000 today out of a total workforce of 500,000-600,000.

The 10 years of turmoil has been a disaster for exports of industrial goods. Between 1960-1974, exports were increasing 30-35 per cent annually. In 1975 industrial exports were worth £1.5bn (about \$500m at the then rate of exchange). In 1984, exports were £3hn (about \$300m at the rate or exchange applying at the end of last year). Dr Saich said the war had cost industry bundreds of billions of pounds in physical

damage and lost exports. It was impossible to calculate the extent of the loss. The recent slide in the value of the Lebanese pound has unmuch as the lack of security.

Mr Emad described it as the "third calamity" to have befallen his family after the sequestration of its business in

Egypt and the war.

"If the proverb says try, try, try again I wonder how many times you can try again," he

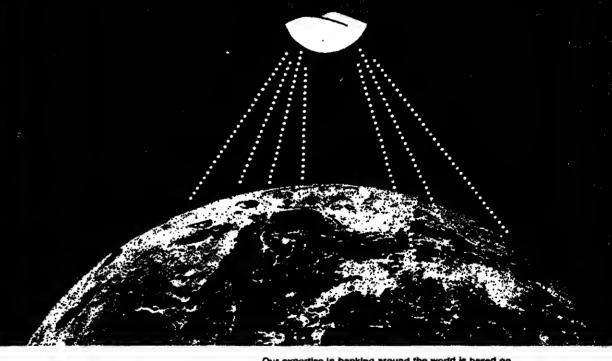
Mr Saab said it was almost impossible for manufacturers to heep up with prices because of the run on the pound. His company last issued a price list in October when the ex-change rate was L£7.25 to the U.S. dollar. (In the first week of February the pound dropped at one stage more than 100 per cent against the dollar to L£15 to the dollar.)

Industrialists are highly critical of Lebanon's administration over its lack of progress in political reform and its failure to control the security situation

There is also criticism over lts priorities—"The Government could have rechannelled part of the \$1bn it spent on arms in the past year to industry, instead of buying arms to destroy industry," com-mented one disaffected busi-

ANTHONY WALKER

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Tuesday February 19 1985

## **New strains** in Poland

THE POLISH cat-and-mouse mer. In doing so, the Solidarity game has started up egain. Last week the "cat," in the shape of the Polish police, pounced on Gdansk meeting of leading mice in the Sobdarity movement discussing plans to hold a protest strike leter this month. Three of the Solidarity group are being held on charges of planning to provoke disorder, while Mr Lech Walesa, the banned trade union's president, bas been warned that be, too, will he arrested if be persists in supporting the strike. He has persisted. So, Mr Welesa is within a whisker of heing put back in jail for the first time since he was let out in November 1982.

The immediate issue is food prices. These are due to rise sharply next month, and Soli-darity wants to protest with a symbolic 15-minute strike on February 28. It was not a battleground on which the Government seemed to want to fight when last month it gin-ge; presented various price options for public comment.

join later this year, that only higher prices can bring supply and demand into better balance and possibly end rationing. Solidarity calls for symbolic strikes, too, which bave some-times got a very patchy response in recent years.

#### Confrontation

Now, however, both sides seem locked again in a con-frontation from which neither wili readily back down. In truth, there are wider reasons why the almost endemic conflict between the government and Solidarity should be renewed

directly now.

For the past four months, from the kidnap of Father arity representatives that made Popteluszko, the pro-Solidarity priest, last October to the con-Mr Malcolm Rifkind, the junior this mouth, government and so controversial. The same opposition bave focused their issue helped to scuttle a planattention wholly on that extraned visit by the West German ordinary crima. With the end foreign minister, and may of the trial, however, Solidarity bedevil Sir Geoffrey Howe's activists are once more trying to visit to Warsaw in April. Yet the opposition in Poland is on

leaders at large do not want to be outflanked by those few of their number still under-ground, like Mr Zbigniew Bujak, who first proposed the February 28 protest.

Equaliy clearly, the authorities seem to have concluded that the Catholic church is not a target which it can attack too directly for too long. The Popieluszko trial proved a vebicle for government criticism of the pro-Solidarity sympathies

of many of Poland's priests.

Cardinal Glemp, the Polish Primate, as he will douht-less show when be arrives in Britain this week for a visit, has stood bis ground, and staunchly defended the late Father Popieluszko's activities. Cardinal Glemp is a man with whom the Jarulzelski govern-ment still wants and needs a working relationship.

#### Normalisation

There are other reasons why options for public comment.

Nor was it clear, at the ontset, that Solidarity would gain from taking e stand against food price rises. Many Poles reluctantly accept the argument of the Government, and indeed of the International Monetary Fund which Poland looks set to join later this year that only sary to show—with deeds, not just words—Poland's Eastern allies, Moscow in particular, that the Jarulzelski government has not gone soft on anti

> Is the Warsaw governmen also taking the easing of Western sanctions as a sign that they can now with impunity crush the remnants of Solidarity? Some Solidarity activists believe this. But an equally plausible variation of this is that, with the normalisation of relations with the West, the Government does not want an open opposition to which visiting Western ministers can pay

It was his tadks with Solidpolitical room for manocuvre, such a scale that no Western left vague when they were political leader can be expected granted an amnesty last sum- to ignore it.

## Keynesian view of arts subsidies

one of the arts capitals of the world. Few foreigners who visit London's South Bank each World rew foreigners woo visit capita, public support is roughly London's South Bank each twice as high. The Thatcher summer as a matter of course Government could argue that will be able to understand why the National Theatre's small in the UK for far too long and stage, the Cottesloe, is soon to elose. If there is any activity in which Britain still retains a hig comparative advantage, they might argue, it must be the arts. How, four years into what the Government describes as a steady economic recovery, can it be necessary so to squeeze the Arts Council's budget that the Nattional is forced to take this drastic step?

#### Budget cut

Lord Gowrie, the Arts Minister writing in the Observer, has attempted to ex-Observer, has attempted to explain why a real cut in the budget of the Nettional Theatre (and of other big arts institutions) is necessary. He argues that public spending on the arts cannot be increased by more than the rate of inflation because this would constitute "a damaging and incomprehensibla signal to other parts of the economy" and compromise the Government's central objective of holding down the growth of tha public sector. of tha public sector.

A policy of holding overall public spending constant is quite consistent with increasing spending in real terms in selected areas. Indeed, during its first term the Thatcher Government decided that tha Government decided that tha case for improving tha country's defences was sufficently strong to warrant a steady real increase in the defence hudget. It is also important to note that the absolute aize of a spending programme is ralevant to the question of how fast it can grow: the UK could afford faster growth of the arts budget faster growth of the arts budget than, say, the social security budget. The real question is whether it is desirable to spend

third the level in West Germany and a quarter of that in France or Sweden. Even in the U.S., where more liberal tax laws line with international practice.

and corporate patronage per capita, public support is roughly that the present economic recovery makes higher spending easier to finance.

Sir William Rees-Mogg, chairman of the Arts Council, might

bave used this sort of argument

to justify his plea for a 20 per cent increase in his budget in 1985-86 (rather than a mere uprating for inflation). A 20 per cent increase would have enabled him to give more more to the regions which he more to the regions which he more to the regions, which have been badly served by the Arts Council over several decades, yet still protect tha position of the National Theatre and the other jewels in London'a artistic crown. However, Sir William prefers to deploy a different and prefers to deploy a different and more subtle argument—that higher spending on the arts would save the Exchequer money by reducing the public sector borrowing requirement.

Where the arts are concerned Where the arts are concerned Sir William is a self-confessed Keynesian. He points out that £100m spent by the Arts Council supports arts activity worth £250m which would not otherwise take place. Of this total spending, £100m represents box office takings from which the value-added tay haul is £15m. value-added tax haul is £15m.
A further £60m return to the Exchequer in income tax re-ceipts reflecting the labour-ir ensive nature of the industry.

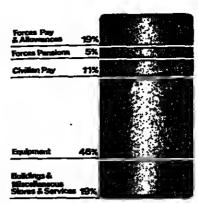
#### Total savings

Finally, since it is safe to assume that those employed as a result of the public spending would not otherwisa have jobs, £50m in unemployment benefit is also seved. The initial £100m subsidy thus results in total sav-ings of £125m and the net effect is to reduce the PSBR by £25m. Sir William admits it is ques-tionable whether the whole of whether it is deslrable to spend more on the arts.

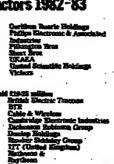
By international standards, this and previous governments —of all political hues—stand condemned of penny-pinching where the arts are concerned. Per cepita central and local government expenditure on the crts in the UK is only about a third the level in West Germany and a quarter of that in France seriously or to accept that its in the use of the arts council grant aerves to reduce the PSBR. However, he maintains, it is certainly true at the margin: an extra £10m of expenditure, sufficient to settle the financial many other threatened institutions, would he self-financing. The Government has so far failed either to take seriously or to accept that its

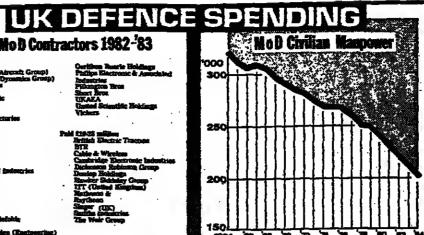


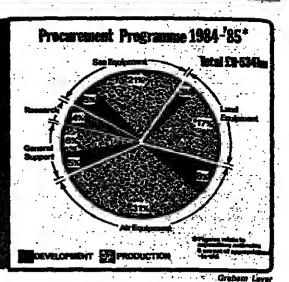
Defence Budget 1984-'85



# UK Based Mo D Contractors 1982-'83







# Industry in a cold climate

By Bridget Bloom, Defence Correspondent

the once cosy relation-ship between the Ministry of Defence and Britain's defence industries, thanks to the Government's decision to put a brake on defence spending and toughen the terms of defence contracting.

Few of the 10,000 British companies reckoned to be working at any one time on an annual £80n-worth of defence contracts are unaffected, although most find it bard, as yet, to predict what the precise effects will be. But some, mora far-seeing, believe what is happening now could bring quite fundamental changes to the structure of Britain's post-

war defence industries, The problems currently facing Westland starkly illustrate the pressures at work. Westland—like several other dafence companies including 80 per cent of its business, When the MoD sneezes, com-panies like these can catch 'flu. Westland is currently trying to sell a military version of its Westland 30 to the RAF to plug a gap in its production lines between 1986, when

SINCE 1978-79, the Defence Ministry's total spending on equipment—95 per cent of which has gone to British industry-has been more than

534bn. Of this, the RAF accounted for over £14bn, the Navy nearly £11bn and the army

about 28bn.

Tha RAF is in the throes of its biggest re-equipment programme since the Korean war. The centrepiece is the Tornado tri-national multirole combat aircraft, costing the RAF around £9bn for 385 aircraft and involving British Aerospace as prime contractors and more than 200 other British companies as

other British companies as subcontractors.

The aerospace industry's greatest worzy is that it should have a follow-on aircraft for production lines emptying on completion of the Tornado at the end of the decade. There seems certhe decade. There seems certain to be a new aircraft, but

CHILL wind is cooling orders for its 1970 generation of aircraft tail off sharply, and 1989 when it begins manufacturing a new generation of air belicopter known as the EH 101. The RAF has need of a transport helicopter like the W30 and in the old days Westland-Britain's only helicopter maker — could have expected to get the contract automati-

Today, things are different.

Pressures on the defence
budget, together with the
Government's commitment to competition, have led to new policies at the MoD.

Mr Michael Heseltine, the Defence Secretary, has applied his new policies of toughening defence contracting terms to the Westland case, by asking for competitive proposals from foreign rivals of the British company. (Silorski is offering its Black Hawk, for example, through Shorts of Belfast). British Aerospace Dynamics. Even worse, from the com-Marconi Underwater Systems pany's viewpoint, Mr Heseltine and British Shipbuilders Warship yards—depends on the Defence Ministry for well over RAF wait for a few more years until helicopter makers in Europe can get together to build a joint new aircraft.

for example, for the Cammell held to flow from joint Laird yard of British Ship-research, development and pro-builders, which has been saved duction. from closure by an order for a new frigate.

Tha reasons for Mr Hesel-tine's policy are obvious, if disputed. The Government has taken a conscious political deci-aion to reduce defence spending in real terms after 1985-86. To husband resources under this new regime, Mr Heseltine has been introducing a series of measures ranging from more competitive defence contracting to an acceleration in the cuts in civil service numbers and severe pruning of the support institu-tions of the armed services.

More recently, the Defence Secretary has begun seriously to insist that every major project should be scrutinised to see whether it can be collabora-tively manufactured, preferably with one or more of Britain's European Nato allies.

He bas been a prime mover in recent efforts to increase European defence collaboration. He reasons that European defence industries will only be able to compete with their American counterparts and European governments will only be able build a joint new aircraft.

Westland will probably not learn until the summer whether it will get the necessary orders. Some compromise could be patched up—just as it has been,

duction.
On collaboration generally, industry and Mr Heseltine appear to hold opposing views. Industry's current cry is that collaboration should be the result of "market pull, not political push." Mr Heseltine feels that too little will haven. feels that too little will happen unless politicians take the initiative. The catalyst for industry's

fears and uncertainties about the future is the Government's plans for defence spending. It has been clear for more than a year that spending would be curbed. The question is still: by how much? Last month's public expenditure White Paper for example showed cash budgets of £18.05bn, £18.56hn, and £18.87bn for 1985-86, 1986-1987, and 1987-88.

The Treasury declared this meant in real terms an increase next year of 0.2 per cent, and thereafter a decline of 1.1 per cent and 1.6 per cent. The MoD however insists that (adjusting for the Falklands and an inderspend of £51m certified over from lect war)

growth of the past few years (22 per cent in real terms since 1979 including the Falklands, or 14 per cent without it), the overall sums available remain high enough to afford major equipment programmes. He con-tends — in something of an tends — in something of an about-turn from the way his predecessors have looked at the matter — that there is much more flexibility in the defence budget than meets tha eye, arguing that until Ministers actually anthorise a project, for the state of the same of the same

actually anthorise a project, funds remain uncommitted to it. Industrialists, in company with many MPs, academics and other defence experts, are sceptical about the Government's financial projections. They do not, for example, believe that the posited 3½ per cent inflation rate for 1987-88 will prove realistic; neither are they happy with planning assumptions of a \$1.38 exchange rate for the pound. Outside the WoD there now

Outside the MoD there now seems virtual unanimity that all this will mean a distinct squeeze on defence spending, which will become particularly acute during the six or seven years after 1987, when tha escalating costs of the Trident nuclear system peaks at the same time as other programmes designed to enhance Britain's conventional strength (described below).

Marshal Sir Edwin Bramail, the Chief of Defence Staff, told the Chief of Defence Staff, told the Commons Defence. Committee during its revealing and continuing enquiry into defence spending that he would "much prefer" that any cuta should be achieved through "salami slicing" rather than through the sort of surgery which produced the 1981 defence review.

A straw poll of industrialists suggest they expect such "salami slicing" and that as a result they believe there will be widespread delays in decision-making and contract signing, with many projects being "pushed to the right" over the next few years; if not actually cancelled in general, it is bound to be the companies which depend most heavily on the MoD which can expect to find it hardest to

can expect to find it hardest to withstand the new climate of fewer orders, greater competi-tion and more pressure to collaborate. But even those areas that are likely to be less affected like electronics expect to find life tougher in the defence world in future.

As one industrialist put it:
"We can say for certain we're
at the end of one—rather comfortable—era, even if we don't
quite know yet how difficult the next one will be."

#### WHERE THE PROGRAMMES ARE VULNERABLE

as the British, French, German, Italian and Spanish industries work their uneasy way through the preliminary feasibility studies for a new European fighter, no one is yet willing to bot what combination of nations will ultimately be involved nor whether the production dates will be as early as British industry would like.

The RAF's budget is aiready under strain, with fuel cuts imposed late last year. The chief problem is year. The chief problem is the 11 Nimrod early warning aircraft being built by British Aerospace and fitted with anyanced new radar by GEC Avionics. The radar has failed to work properly and as a result Nimrod's costs have risen from the original £247m predicted in 1975 to more than £800m today.

Nimrod is probably too far

down the road to be cancelled but intensive negotiations are underway between the company and the MoD over its future financing. Over the medium term. RAF

projects which could be de-layed as a result of a spend-ing squeeze include the conversion of an extra three Tri-Star jets to tankers (the first improvement to BAe's Har-rier jumn lets at a programme cost of £1.3bn and an impres sive range of new weapons, from BAe Dynamics' anti-ship missile Sea Eagle and the Hunting Engineering's runway cratering bomb JP233. The Army's modernisation programme centres on the new Challenger main battle tank. About 320 to equip five

armoured regiments are on

arder from Royal Ordinance The remaining six regiments deploy the 30 year old Chief-tain, which the army badly wants replaced by the early

"Bespite the-need of Challenger manufacturer, Royal' Ordinance, for new business as it comes to the final stages of privatisation, future Chal-lenger orders are doubtful. Even more doubtful must be a future main battle tank to replace Challenger,

The army also has on order new combat vehicles for the infantry, known as the MCV so, of the mich and the mich and the selection of the selection of United Scientific Heldings, Vickers plc and Royal Ordinance have all, under the mich and selection of United Scientific Heldings, Vickers plc and Royal Ordinance have all, under the mich and selection of the mich and the mic under the new competition policy, tendered for follow-on orders of about 750. The decision on this looks like being delayed, at least until later this year.

 The Navy's contraction from its present strength of 50 frigates and destroyers to some 42 ships was the most dramatic aim of the Nott review of 1981. Eyidence recently presented to the Commons Defence Committee on the rate of warship artering suggests that the Nott target will now be reached before

No more Type 42 destroyers are being ordered, while orders for the last two of the £140m Type 22 frigates have just been placed with Cam-mell Laird and Swan Hunter. Ark Royal, new on sea trials, will be the last carrier and doubt remains over replace-ments for the two amphiblous landing ships, Fearless and Intrepid. There is also doubt

over how many of the new £110m Type 23 frigates will be ordered, and when. Only the first of this class has been ordered so far,

Similar contraction is not planned for Britain's underwater fleet, although the con-struction of four Trideut submarines over the next decade er so seems certain to delay further nuclear-powered sub-

of the Navy could be delayed. These range from new fleet; support vessels, costing as much as £200m each, to a new patrol boat for which initial ideas have been sought from industry (including weapons manufacturers) as wall as a programme to improve the Navy's mine warfare capability. Further development of the £1bn torpedo programme by Marconi underwater systems could also be

#### Too much for Schueppert

It sounds incredible, but one of the reasons why Clancy Schueppert, the 48-year-old American who bas made such a success of the Sheerness Steel Company during his 14 years as chairman and managing director, is leaving, is that his salary has become embarrassingly become embarrassingly

Schueppert, who made Sheer ness one of the most auccessful mini-mills in Europe, bas been paid American rates since being shipped to Britain in the early 1970s by the Canadian owners Co-Steel.

He has become used to being ribbed that, at times during his career, be has been picking up a fatter pay packet for turning out 500,000 tonnes of steel a year than the chairman of British Steel who is responsible for more than 10m tonnes a

But Schneppert has delivered the goods turning in profits (most of the time) culminating with a £1m profit last year. While BSC's record has been altogether less enviable.



"The cabin staff, the captain, the chief accountant and the chairman would liek to thank or flying British Caledonian" for

#### **Men and Matters**

can rates (he will not disclose it) has become "too high" to fit his company's pay structure at Sheerness. He was faced, be says with reconciling himself to a lower Sterling salary or moving on.

As he has spent 21 years with As he has spent 21 years with Co-Steel he has chosen to try something fresh. After a sking holiday and winding-down at Sheerness he has plans to start his own business. But it will not be in steel. He has ideas for an enterprise based upon ceramics and synthetics to provide materials for the: construction and automobile industries.

The private sector of the British Steel industry is losing one of its brightest managers—although Schneppert demonstrated his displeasure towards ingrained attitudes in the hustness four years ago by taking.
Sheerness out of the British
Indapendent Steel Producers
Association. He has not rejoined.

#### Way forward

With a singgish flow of adver-tising revenue over the past four months, ITV barons are being forced to think about the unthinkable — the need for economies.

Bnt David Plowright, managing director of Granada Televi-sion and chairman of the Independent Talevislon Companies Association, is setting a more positive example by looking at new ways of boosting earnings.

Plowright is considering opening the Granada studios to paying visitors to add to Manchester's tourist attractions. The main moneyspinner, he hopes, will be the set of the long-running Coronation Street. He is dreaming about Coronation an unusually large amount of

Nevertheless Schueppert says | Street teas and postcards posted frankly that his salary at Ameri | in the Street's own pillar box. in the Street's own pillar box.

He is even toying with the idea of a Coronstion Street drama competition for Women's Institutes. Granada could hire ont a video view to enable WI drama groups to make their own episodes, and award prizes to tha most successful.

#### Steel appeal

Blacksmiths of the Century knew how to make incredibly strong "Damascus" steels, highly prized for sword blades, and characterised by delicate patterns.

It was the stuff of such legends as Sir Walter Scott's story of the meeting between Richard Lionheart and Saladin, tha Saracen king, where Richard used his sword to cleave a steel mace, and Saladin his scimitar to split a vell in mid-air. In California modern smiths

Damascus steels may have a marriage of properties that no modern steel can match.

Professor Olag Sherby of Stanford University, and Dr Jeffrey Wadsworth, an expert

have been trying to rediscover the lost art in the belief that

Jeffrey Wadsworth, an expert in superplastic alloys with the nearby Lockheed Palo Alto research laboratory, tell how they have done it in Scientific American this month.

They knew all the stories of centuries of frustration trying to rediscover the lost art; of attempts that made metal which simply crumbled when atruck. They eschewed much advice They eschewed much advice from medieval records such as plunging the hot steel into the urine of a red-headed boy, or that of a three-year-old coat fed only ferns for three days.

But eventually they succeeded

carbon uniformly through the iron. They obtained not only a super steel but the authentic Damascus pattern.
The Californians have now gone one better than the

ancients. They have discovered how to make an even more interesting steel which can be extruded like toothpaste into complex shapes such as gears, yet which tongbens into a super steel when fully heat-treated.

#### Guys and dolls

Watch out guys, there is a new generation of girls preparing to generation of girls property take your place in the board-room. You have about 12 years grace before the onslaught. But it is coming.

These young ladies are growing up with female role models ing up with female role models of business success. As sixyear-olds, they will yearn, not for the glamour of glittery evening dresses and the walk down tha aisle, but for business wealth and status.

"Barbie," the leggy doll that little girls love to dress, is changing her image. Sha has traded her pink Corvette for a BMW, and is on her way up the corporate isdder.

Tha new-look Barbie will wear her blonda hair in a business-like bun, dress in a range

wear her olongs hair in a mus-ness-like bun, dress in a range of business suits, have her own personal computer and carry a briefcase containing a miniature copy of the Wall Street Journal (I assuma that reflects the American hackground of Cali-fornic manufactures Mettel) fornia manufacturer. Mattel). While it is difficult to predict what influence Barble will have on the up-and-coming genera-tion of female achievers, it is worth noting that her male com-panion. Ken, has so far shown no interest in the business

#### Race relations

Black and whites should live together like one big family," proclaims a Birmingham poster. Below it, someone has added: No, no, they should live in

**Observer** 

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#### Letters to the Editor

#### Buttress the trading system

Average light

From Mr Edmund Dell Sir,—It seems we may be about to have a further round of multilateral trade negotietions. If we do, it is important that they be successful. Success in this case does not mean pushing forward the boundaries of free trade. In the present climate such an objective would be unrealistic. Rather the objecdoes Prof Silberston) that in return for dismantling the multi-fibre arrangement, we should ask South Kores and should ask South Kores and Taiwan to eleminate the controls, high tariffs and restrictions which they maintain on their own textile imports. But if dismantling the multi-fibre arrangement is as advantageous to Europe and the U.S. as Prof Silberston and Mr Brittan argue, we should act unilaterally. Why should Taiwan and South Korea give us any quid pro quo for climate such an objective would be unrealistic. Rather the objec-tive should be to buttress the present open trading system against collapse. Such a limited objective may diseppoint some economists. But they will have we should act unilaterally. Why should Taiwan and South Korea give us any quid pro quo for doing ourselves some good? They obviously value their restrictions and, as two of the best performers in the developing world, who are we to tell them they are wrong? Of course Europe and the U.S. will not act unilaterally, because governments will not really believe calculations such as Prof Siberston's, and because we all know that trade negotiations are about reciprocity, that is an exchange of reciprocal concessions, not about unilateral gestures or 19th-century liberalism. But we should be careful. If we insist on telling the world how beneficial the unilateral abandonment of the MFA would be to us, Taiwan and Korea will, quite reasonably, give us nothing in return.

Prof Silberston is more realistic than Mr Brittan. He makes his cautious calculations of the hemselts of abandoning. to accept that the negotiations are not likely to be much informed by their arguments.

Three recent articles illustrate the dilemmas in the modern world of those attemptions to find a superscient articles. ing to find persuasive economic arguments for free trade. Samuel Brittan says (February 14): "A country that uses world markets to the full will normally have a higher national income than one that aims for any given degree of self-sufficiency." Tell that to the Japanese The part of the world sufficiency. Tell that to the Japanese. The part of the world market which they use to the full is that part outside Japan. Their home market is a zone of self-sufficiency to a high degree. Nor does their national income seem to have suffered much from it. Bill Brock in his speech in Tokyo (February 13) speech in Tokyo (February 13) did not bother to argue the advantages of free trade. Instead he mustered the usual catalogue of threats as to what makes his cautious calculations of the benefits of abandoning of the benefits of abandoming the MFA. covers them with an appropriate cloak of scepticism, and then accepts that there will be another MFA when the present one expires. As his forecasts include a level of 4m unemployed from 1987-92, one can understand his caution. He argues that the duration of the new MFA should be "reasonably catalogue of threats as to what would happen to its external trade if Japan did not open up. So did Robert Strauss before him. So did I before Robert Strauss. As none of us could deliver on our threats, nothing much has happened. At any rate none of us wasted our time trying to persuade the Japanese

new MFA should be "reasonably long—five or six years" because

the work of negotiating it will be so complex and "m order to give a further opportunity

for the textile and clothing industries of the developer

(housing, pensions, education)

that continue to present such

obstacles to orderly structural

Mr Brittan touches on this

point in his last paragraph, with its ritualistic call for a

way, China and Russia.

for our industry.

coming the challenges of this D. V. Newbold.
work is being used to develop other potential areas of the Station Road, Reading, Berks.

like gypsies we must not be restricted to one area and will

trying to persuade the Japanese of the advantages to their economic performance of opening their domestic market to our exports. Mr Brittan writes that "the Mr Brittan writes that "the strongest argument for free trade is the basic one that the consumer should make his or her own decisions on whether to buy home or imported products; and that (for a given level of capital flows) there is usually an exchange rate et which sufficient exports can be sold to pay for the imports." Yet the day before you published an editorial: "Dollar threat to free trade." Apparently the exchange rate of the strongest and richest economy in the world, supported by large capital inflows, is not threat to free trade." Apparently the exchange rate of the strongest and richest economy in the world, supported by large capital inflows, is not performing the role which Mr Brittan assigns to if. At the present dollar exchange rate, American consumers are having a marvellous bonance choosing imports from all nations. This. imports from all nations. This, according to your editorial, is a threat to free trade. You are, of course, right, It is a danger. Rumours abound of possible American action. Governments do give higher priority to the needs of their producers than of their consumers and it is should they?

Edmund Dell.

Mr Brittan tells us (and so 4 Reynolds Close, NW11.

masochism to accept liberalisa-tion which entails inevitable transitional costs—in this case, large job losses in deprived

From the Chairman and Chief Executive, Foster Wheeler

Sir,—Indeed the years ahead do appear difficult for engineer-

ing contractors as Isn Rodgers article "Lean years for the mega-projects" (February 14)

British contractors are facing fierce competition for overseas projects; but often cannot match the financing terms being

to seek business on consensus

All however is not gloom and doom. One of the most promising areas is North Sea oll and gas production and processing facilities where we and others are working on major on and offshore projects. The experience gained from overcoming the challenges of this

From Mr M. Taylor

Masochism and liberalisation

Mega-projects and the future

change.

From the Managing Director, Refuge Assurance

Refuge Assurance create jobs. What an employer could save on payroll costs over the next few years could be swamped by the Chancellor on Budget day if he taxes the returns on pension funds, and managers of private the perceived unfairness of index-linked public sector pensions, and managers of private sector schemes have tried to make up as much as possible of the erosion of their pensioners' living standards caused through inflation. Most employers have funded towards that goal (not over-funded). It would be deplorable if pensioners had to be told that the Chancellor through taxing the investment returns of pension funds was making it much more difficult for private employers to protect for private employers to protect the living standards of their pensioners. If that happens the divide between the funded schemes and the unfunded public sector will be wider than

Government Ministers are strongly advocating a slower V. G. Ramsden, growth of pay in order to con-

#### Some absurd contradictions

tain unit labour costs and thus

Not necessarily, says Government, simply reduce your employees' pension benefits. Simply indeed, if it is no longer dedicated to good sensible industrial relations which means providing a modern remunera-tion package for staff including the prospect of a decent standard of living in old age. Another contradiction is Mr Fowler wanting less reliance on State pensions. Is there a coherent policy?

No wender employers, trade unions and employees (and doubtless their spouses) will go on fighting the Chancellor's threat to the well-established fabric of provision for old age.



#### Delays and architects fees

From Mr L. Littman

Sir,—A novel principle seems to have been established, with the blessing of the Royal Institute of British Architects. It is that where the erection of a building has taken longer than agreed between the architect and the builders, through no fault of the client, the architect is entitled to additional fees, based on the fact that he has supplied services of supervision over a longer period of time than that provided for in the contract. Sir.-A novel principle

architect has failed to keep the builders to their timetshle. It is a most curious thing that architects, with the blessing of their professional association, can now claim extra fees simply for their own misjudg-ment or inadequacy.

ment or inadequacy.

We have seen of late, the extraordinary way in which the Law Society protected one of its members against gross over-charging. It looks as if the RIBA is doing the same thing, or is helpless to interfere, which should be sufficient grounds for the Government to time than that provided for in the contract.

If no additional work has been agreed in the interim, a building contract can only last longer because the architect has initially misjudged the length of time it would take and has advised his client accordingly, or because the accordingly, or because the solution of the public.

If I is near the switch should be sufficient crounds for the corument to institute an enquiry into the whole position of professional bodies, in relation to the disciplining of their members, and the protection of the public.

If I is near the switch should be sufficient crounds for the Government to institute an enquiry into the whole position of professional bodies, in relation to the disciplining of their members, and the protection of the public.

II. T. S. Littman, 36, Queen Anne Street, Wf. institute an enquiry into the whole position of professional bodies, in relation to the disciplining of their members, and the protection of the public.

#### A saviour for John Stanley

There are strong arguments for free trade, or for what these days passes as free trade, but they are not the arguments on which Mr Brittan relies. One trouble with Mr Brittan's arguments is that no government actually believes them. Even many economists, such as Prof Silberston, do not seem prepared to go to the stake for them. They may inform the speeches of Ministers. They do not inform their actions, And, in all the circumstances, why vants and parliamentary col-leagues. He is busy because, apart from his Ministerial job, he takes his constituency the institutional constraints

From Mr A. MannSir,—I feel provoked to reply fives individual attention to Peter Riddell's piece of Febtrary 13. John Stanley may not sented to him daily. He has suffer fools gladly and, because he is busy, would require quick and efficient reactions to legitipate the perate problem which make demands on his civil sentence. I know of many otherwise have remained. I belp in overcoming a quite des-perate problem which might otherwise have remained. I know of many others whom he has helped. In politics, and in journalism, a particular course of action is dictated by events. seriously — perhaps more of those seriously than some of those A. J. D. Mann.

MPs whom Mr Riddell sees fit to quote: John Stanley is a Nr. Tonbridge, Kent.

#### The Sleipner gas decision

From Mr G. Mackay

Sir,-Ian Hargreaves' article on the Sleipner gas decision (February 13) gives a partial and consequently misleading account of the various arguments involved. Price was not e serious issue

boufire of controls, but it de-serves far more prominence if we are to avoid e transition of Wagnerian duration and of wagnerian duration and gloom. Very likely "over time, the gain in export jobs would roughly equal the job loss in the textile sector," but lop-sided liberalisation will cer-tainly cause unnecessary hardrrice was not e serious issue of disagreement. It is true that the current price in dollar terms is very high but there can be few people who expect that price to apply during the 1930s when Sleipner would come control. Norway is less interested in maximising revenue from its ass felds than ship, and may even result in the re-imposition of higher interested in maximising revenue from its gas fields than in securing stable employment and offshore work for Norwegian companies. It would be perfectly possible to agree a price for Sieipner gas denominated in sterling, krone or a basket of non-dollar currencies. Justification for abandoning the deal on the basis of substantial new reserves of UK gas is very difficult to accept. A 15.3 per cent increase is quoted. A detailed analysis of drilling results in 1983 and 1984 could not come up with anywhere levels of protection. In the meantime it is no consolation to see that all planning restraints on the height of ivory towers have been abolished. parts of the UK, many in coal-Martin Taylor, fields—before having tackled 89, Dacre Park, SE13.

results in 1983 and 1984 could not come np with anywhere near the additional reserves suggested but in any case such an increase could not compensate for the loss of Sleipner gas and there seems little doubt that some imports will be required in the 1990s.

The Energy Secretary's statement does not appear to rule out the possibility of importing world, working in joint venture partnerships in Canada, Nor-The contracting industry is likened to "gypsies marching from one sector to another," grasp the new opportunities arising from the changing needs of society whether they relate to health care, space,

#### The Nuremburg principle

offered by our competition. These include "soft" credit involving concessionary long term loans at low interest rates.

The overseas project board has continued to stress to Government the importance of the aid and trade provision, and of the Export Credits Guarantee Department support to enable the British contracting Industry to seek business on consensus

the history and development of the British unwritten constituwith the best traditions of the British industry and is helping tion.

At the Nuremburg trials after the second world war numbers of smallfry bureaucrats sought to evade culpability by pleading, "I was merely obeying orders." It was established as a fundato continue our strong export earnings contribution to the UK economy. Fortunately, this policy has enabled our skills, staff levels and profits to be maintained during this period of recession and retrenchment for each behavior. mental principle of inter-national law that obedience to orders is no defence against a Stuart Brickell. charge of wrongdoing. The Flat I, 152, Son obverse side of this coin is that Folkestone, Kern

Sleipner gas at a lower level than desired by British Gas. That would only be viable if Norway could find a market for the remaining volumes but that is not impossible. Meanwhile, the clear implication is that gas prices in the UK will have to rise substantially to bring supply and demand into balance.

The Department of Energy comes out of the whole affair with little credit. British Gas and the various Norwegian interests have been misled, and we have had two years of conflicting and ill-thought-out statements.

We have alienated the Norwe have alienated the Nor-wegians, with whom we should be working closely in the North Sea to establish a sound off-shore industry which can com-pete successfully throughout the world. We also need to co-parate closely on all release co-

operate closely on oil prices as recent events demonstrate.

The Department of Energy has allowed certain oil companies with gas interests in the Southern North Sea to dictate the framework of domestic gas policy, to the benefit of those companies but the detriment of gas consumers. That may be acceptable in Millbank but it looks very dubious from Inver-

G. A. Mackay. Balloan House,

increased production facilities for the pharmaceutical industry was referred to by Ian Rodger.

Our philosophy of combining long-term relationships with established customers and a spirit of technical expertise and financial innovation for developing nations is absolutely in line with the best traditions of the Rodger and development of the Rodger and development of the Rodger and development of the Rodger and longitude to rely on the continue case goes even deeper than continue to commit a felony. In other words, Ministers of the Crown in breach of their trust and longitude to the longitude longitude to the longitude longitude to the longitude lo I believe it highly probable

that the Ponting jury in its natural wisdom sought to remind this administration of this profound principle, any departure from which, puts the state on the slippery slope to the sort of tyranay established in Germany in the 1930s.

Flat 1, 152, Sandgate Road.

#### Italy's railways

## Going down a new track

SUNDAY, January 6 is a day the Italian State Railways will never be allowed to forget. Early that morning Rome suffered a moderate snowfall. With the temperature a littla below freezing it was not long before most of the 350 points in the Rome area froze.

Some 14.000 neoole were at

in the Rome area froze.

Some 14,000 people were at that moment converging on Rome in night trains from north and south. Trains halted 50 to 100 miles from the capital. There they stayed, usually without food and often without water, for the whole day. Eventually, well after dark, they crept into the capital.

capital.

Since it snows in Rome only once every 15 years, it is questionable whether it is worth equipping its points with heaters. But no one forgives the Ferrovie dallo Stato (FS) for the total lack of information about what went on that day.

"I spent two and a-half hours at the station that morning," says Sig Giulio Caporali, a member of the FS board, "and the only public amouncement I heard was that mass was about to begin in the station chapel."

There are two reasons for

bardly matters."
For Sig Clandlo Signorile, tha

For Sig Clandlo Signorile, tha Minister of Transport and chairman of the FS, January 6 underlined what has been obvious for a long time: that Italian railways are critically weak, years behind those of other European countries in technology and run on utterly uncommercial lines. There are no high speed trains no hourly

By James Buxton in Rome



There are two reasons for railwaymen's uniforms. Since the lack of information. One is most politicians have since the that, unlike most European war had an overwhelming railway systems, Italian Rail-preference for building automost politicians have since the war had an overwhelming preference for building auto-

preference for building auto-strade, the rallways have been starved of funds.

The result is that the 16,000 km system, although 54 per cent electrified (as measured on a kilometre basis), has serious bottlenecks and is in general far below the stan-dards of other countries. For instance, the line between Bologna and Verona—the crucial limk between West Germany via the Brenner Pass and central and southern Italy—is only single track. ways are not equipped with an electronic system to tell traffic managers what is happening in the main lines in time. "The the main lines in time. "The only way they can find out is by telephoning up the line," says Sig Caporali. "If the phone is busy, that's just too bad."

The other reason is that like many Italian public servants, Italian railwaymen bardly feel that they bave a duty to tell the public what is going on. "The railwaymen don't live in the real world," says an official et —is only single track. real world, says an ouncial et the Ministry of Transport, which controls the FS. "They're almost like children playing with trains, moving them from one place to another. Whether there is anyone on them or not hardly matters."

In fact, only the line between Florence and Rome still being laboriously rebuilt to follow a shorter and faster route—has signalling and point controls that are up to modern standards. "About three-quarters of the traffic goes on about 20 of the traffic goes on about 20 to 25 per cent of the network," says Sig Caporali. "Such modern lines as we have are cheap to operate. Most of our 220,000 strong labour force is employed, however, on lines where there is less traffic but far more manual work—moving points and signals by hand and operating 12,000 level crossings, each of which requires six men for 24-bour coverage. Yet some of these lines see only 20 trains of these lines see only 20 trains a day. "A system that was handling

commercial lines. There are no high speed trains, no hourly inter-city services, no marketing campaigns to lure back passengers from air or motorway, or to win back lost freight traffic. Instead, the railways get on unobtrusively with the task of moving in considerable safety 400m people.

getting slower: it now takes longer (6 hrs 5 minutes) to cover the 632 km from Rome to Milan than at any time since As for goods traffic, the

figures are, if anything, more depressing. Travelling on railways, how-Travelling on railways, however, is extremely cheap.
Despite recent increases in fares
higher than the rate of inflation,
the average second class fare in
Italy is only 63 per cent of its
equivalent in France, and only
45 per cent of the German tariff.
Not surprisingly, the railways'
finances would borrify the most
hardened accountant—total
current mending by the FS's

hardened accountant — total current spending by the FS's definition in 1984 was Li3,125bn (£65n). Of this revenue from passengers and freight covered only 20 per cent. All the rest was made up by subventions from the Treasury. Taking into account capital expenditure (funded by the Treasury or with international loans taken out by the Treasury on behalf of the railways) total outgoings in 1984 were Li9,288bn—leaving a deficit of Li,798bn, to be funded by the Treasury. by the Treasury.

by the Treasury.

However, the years of neglect, may now be coming to an end. In 1981 Parliament voted L12,500bn to be spent on upgrading the railways. To this was later added L6,400bn to take account of inflation, and this year's budget inclindes a further L15,900bn—suddenly giving the railways an investment budget of over L34,000bn.

Most of tha work under the

low investment," says Sig

Among the long shopping list of projects, which will probably take a decade to complete, are the doubling of the crucial single track stretches, and the building of some new lines—including one in Basilicata in the south, s by-pass near Naples, and a line from Roma to Frumicino Airport.

Some of the money will go to complete the "Direttissima"—tha new high speed railway between Rome and Florence, which will eventually cut the journey tima between the two witten from \$1 to 2 hours. cities from 31 to 2 hours.

The word "eventually" is important, however. The Direttissima has been stitched together since 1970, as and when money was available. Only 133 km of it is yet in use, though a further 52 km will come into several the corne into s come into service this year. But work has not even begun yet on a section between Florence and Arezzo (the slowest part of the existing route) end will not be complete before 1989.

Sig Signorile is also piloting through Parliament a Bill to make the railways into a corporation, with its own balance poration, with its own balance sheet, assets and power to borrow on its own account. The idea is that a degree of com-mercial disciplina and tha in-centive to make provision for depreciating assets will gradu-ally transform the running of the reliberace the railways.

But even under the new arrangement the railways would still need a substantial degree of subvention. "The fares will go up," Sig Signorile says, "but only in line with the introduction of new services." He does not arraicage any massive shallo. not envisage any massive shake-out of labour.

His aim is for tha railways to become more market-oriented, concentrating on fast inter-city concentrating on fast inter-city trains, commuter services and freight. (Urban commuter services in Italy, it should be said, are deplorably delapidated.) The many miles of railway lines where excellent rural bus services have cut rail traffic to a trickle—though still the trains run and the level crossings are manned—do not seemed under threat.

But critics, including Pro-

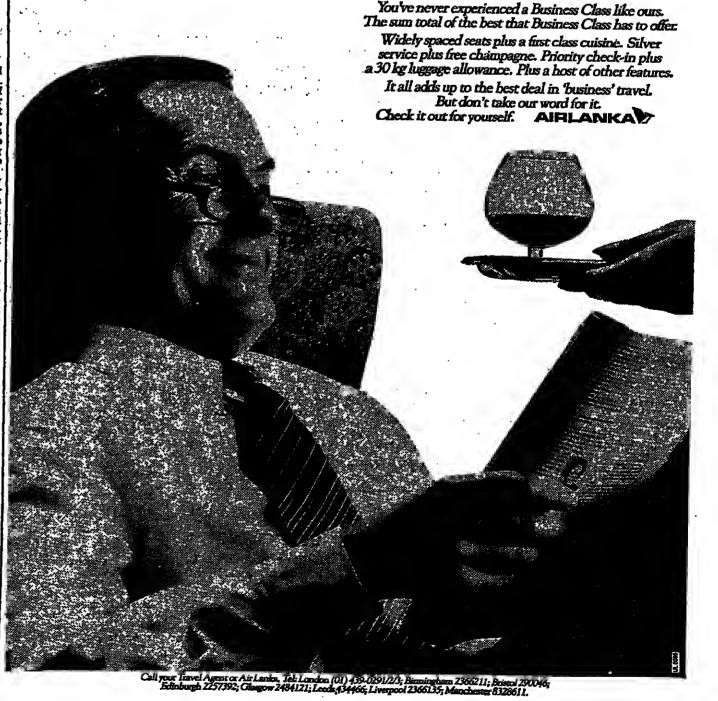
But critics, including Pro-fessor Aldo Chiancone, of the University of Brescia, question whether the new Bill contains sufficiently tough controls on costs for the new railway management.

In the end the future of the railways comes down to const.

railways comes down to ques-tions of attitude. Can the rail-waymen conceive themselves as traffic. Instead, the railways get on unobtrusively with the task of moving in considerable safety 400m people a year—mostly the less well-off, and many of them over long distances between north and south.

In order to do anything other than the most rudimentary maintenance, the railways of their destination within five ary maintenance, the railways of schedule. More than the designs of the designs of the trains are their destination within five even to change the designs of the trains are take account of infiation, and this year's budget includes a further L15.900bm—suddenly giving the railways an investing the railways and interest is any equipment failure at their destination within five at their destination within five and the trains are take account of infiation, and this year's budget includes a further L15.900bm—suddenly giving the railways an investions of attitude. Can the railways are investions of attitude, Can the railways are investions of the railways an investions of the railways an investions of the railways an investions of attitude, Can the railways running a modern service industry? And can the Italian middle ellass overcome its first two tranches has now gone out to tender and Italy's Signorfle says: "I can't say their than the most rudimentary maintenance, the railways will be at the trains arrive than half Italian trains arrive themselves as further L15.900bm—suddenly giving the railways an investions of attitude. Can the railways are investions of attitude and this year's budget includes a further L15.900bm—suddenly giving the railways an investions of attitude and this year's budget includes a further L15.900bm—suddenly giving the railways an investions of attitude and this year's budget includes a further L15.900bm—suddenly giving the railways an investions of attitude and this year's budget includes a further L15.900bm—suddenly giving the railways an investions of attitude can the railways with the railways are an inferior way to travel? Signorfle elast the railways will be adopted the

# Air Lanka BUSINESS PLUS class of its own.



Sir,—Samuel Brittan (February 14) is of coursa right to argue that the textile and clothing industries "have been given decades to sdjust to import competition." We shall doubtless find out over the next decade—how agreeable it is to work within this accommodating timeframe-whether the years have been spent on mini-mising competitive disadvantage or cultivating detached But it is not only the indus-tries that have been given a generation to adjust. The eco-nomy as e whole was to have used the time to develop other sources of employment more appropriate, perhaps, to a rela-tively rich country. It is pure

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# FINANCIALTIMES

Tuesday February 19 1985



### Marconi ends Soviet satellite deal after warning

By Peter Marsh in London

BRITAIN'S MARCONI Space Sys-tems ceased discussions with the Soviet Union amout using a Soviet rocket as a satellite launch vehicle after warnings that this could jeopardise future military work with the UK Ministry of Defence.

Senior management at Marconi – part of General Electric Company (GEC) - ordered an end to the negotiations after it became clear that a contract with the Soviet Union could place Marconi staff on a min-

Espionage officers in the Soviet Union could, the ministry believed, have exploited any contacts by Marconi's staff with Soviet engineers.

British officials were particularly worried because of work by Marco-ni in huilding two new British mili-tary satellites, part of the Skynet series due to be launched early next

Marconi engineers involved in such sensitive projects could, in theory have been persuaded to reveal details to their Soviet tiests.

Staff of Marconi working on the Soviet project were told that people who visited the Soviet Union to talk about a launch with a Soviet rocket could be barred from ministry work for as long a three years.

This trizarre sequence of events took place last year as part of preparations by Marconi for a hid to build (and possibly launch) satellites for Inmarsat, an international organisation that operates communications links between ships.

Marconi and British Aerospace emerged as the leaders of two interoational teams of satellite companies vying for the contract, which could be worth as much as \$600m over 10 years. The results of the bidding, for up to seven satellites, are due to be announced next week.

After the Soviet Government announced that it would make available its Proton rocket to launch Inmarsar's space vehicles, Marconi ed technical specifications oo the rocket that Moscow made available.

Licensintorg, a Soviet export body in Moscow, also said that teams of up to 40 engineers from Western companies would be permitted to visit the Baikonur cosmodrome in central Asia, the Soviet Union's main launching site for vehicles such as its Salyut space stations and military satellites.

The Soviet authorities said they would launch Inmarsat's spacecraft at a bargain price of about \$12m a launch - at least S4m cheaper than the price for a Western launch vehi-

As a result of the warnings, Marconi subsequently stopped its dis-cussions with the Soviet Union. In its bid to Inmarsat, suhmitted last April, the company plumped for the U.S. space shuttle and Western Europe's Ariane rocket as the two contenders for launching the satellites.

British Aerospace, the other contender for the contract which is bidding in association with Hughes of the U.S., followed a similar ap-

Marconi's partners in its bid are Ford of the U.S., Aerospatiale of France and MBB, the West German

Under the terms of the Inmarsat contract, the successful bidder may be asked both to supply and launch the communications vehicles, leasing them out to the international organisation once they are in orbit.

A senior manager at Marconi in Portsmouth would not discuss details of the Inmarsat contract. The Ministry of Defence said yesterday there was no general rule on pre-venting visits to the Soviet Union by people in companies who were working on UK military projects. The ministry could not comment on the particular case involving Marco-

UK defence spending, Page 16

World Weather

## UK union chiefs seek new talks on pit strike

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

LEADERS of Britain's Trades Union Congress (TUC) will today appeal to Mrs Margaret Thatcher, the British Minister to allow talks to the Prime Minister, to allow talks to restart oo the 50-week-old pit dispute on the basis of proposals drawn up by the National Coal Board (NCB) and amended by the

mineworkers' union. The board has rejected these amendments, stressing its right to manage the industry, particularly to close uneconomic pits.

Mrs Thatcher's reply is likely to be negative. She is understood to want a clear end to the dispute, with the principle that uneconomic pits must close explicitly accepted hy the union.

One of three amendments made by the NUM to the board proposals was to delete a sentence endorsing the "development of an economical ly sound industry."

Mrs Thatcher's refusal will not oecessarily signal the end to all tiopes of fresti oegotiations, how-ever. Some mineworkers' union leaders would be prepared to accept the board's wording, while the board might compromise on the other two points at issue.

BY JASON CRISP IN LONDON

SIX LEADING European computer

companies have agreed to back the

development of common applica-

tions software in a move to counter

the growing standardisation around IBM computers.

The six - ICL, Bull Nixdorf, Oliv-

etti, Philips and Siemens - want to

cations software based on the Unix

operating system developed by American Telephone and Telegraph

(AT&T).

create commoo standards for appli-

These focus on the independent element in the colliery review procedure, agreed between the board and the pit supervisors' union

Nacods last October.

This agreement specifies that all pits marked try the board for possible closure will be subject to this modified procedure. The board's proposals to the union specify, tow-ever, that until the independent element is agreed "existing procedures will apply." The union has deleted

Second, the union has rewritten part of the board's proposals that appear to say that all the pits that the board wants to close, apart from those which are exhausted or unsafe, will be closed without reference to either the modified or exist-

On the first of these points, the board and the Government may be prepared to accept an amendment specifying that all pits will go to the modified procedure if the independent element can be agreed within a relatively short time. If not the existing procedure will apply.

On the second point, the board concedes privately that its wording posals.

Six European computer groups

in standards move to rival IBM

ferent companies. This would re-

duce the cost of developing pro-

grammes. The companies hope it

would encourage more third-party

software and generally increase the availability of products for their

The move follows the growing

backing in Europe for international-

ly agreed technical standards for

computers and communications

run on computers made by the dif- moo definition which will be pub-

is obscure and could be redrafted to make clear that all pits would go

The NUM executive meets in London tomorrow to discuss the situation following the TUC meeting with Mrs Thatcher. It will also determine what proposals to put to the national delegate conference called for Thursday.

Miners' leaders said that this conference would have four options: Ending the strike with negotia-tions on the NCB's terms.

Ending the strike by a return to work without an agreement.

 Calling on the TUC to reconvene a special congress at which a re-newed call for industrial support would be made.

· Continuing the strike.

Mr Arthur Scargill, NUM president, said yesterday he had been in a minority on the executive in proposing the amendments to the board. It is understood that Mr Scargill argued for a rejection of almost all the fundamental points in the NCB pro-

will not be proprietary. The compa-nies want it to be widely available

to other manufacturers, software

The six said that they were hold-

ing detailed discussions with AT&T and other vendors of Unix such as

formation technology industry.

More problems for Trilogy, Page 19

companies and computer users.

#### **British** Caledonian postpones share listing

BRITISH Caledonian Airways

The airline attributed the post-ponement to the British Govern-ment's failure to adopt policies for ion before the privatisation of Brit-

yesterday. If the reform – which would entail wholesale route transfers from BA to BCal and other airlines to reduce BA's monopoly powers - went ahead, BCal would have needed

Mr Nicholas Ridley, UK Transport Secretary, called for more lim-ited changes. Those included the transfer of BCal's South American routes to BA and BA's Saudi Arabi-an routes to BCal, Sir Adam Thomson, chairman of BCal, told yester day's annual meeting of the perent group that as a result of the deci-sion BCal no longer required a share flotation in the immediate

lished during the year as it is agreed. Although the group has been limited to six the "definition" Sir Adam remains committed to flotation, but gave no dates. BCal claimed yesterday to be "the

> The airline lifted pre-tax profits to £15.46m from £3.2m in the year to the end of October 1983. Airline operations produced £414.9m turnover, against £362.1m

> in 1983. Turnover at the Caledonian Avia-tion group, BCal's ultimate holding company, rose from £428.4m in 1983 to £528.1m.

The group made an operating profit of £17m, compared with £17.7m in 1983, and pre-tax profit of 15.35m, more than four times high er than the £3.33m in 1983. The large pre-tax increase was partly accounted for by a fourfold increase in profits on the disposal of fixed assets, mainly aircraft and invest ments, up from £1.8m in 1983 to

BCal carried 2.1m passengers in Among the criteria to be used in judging applications will be geogra-

# By Lynton McLain in London

(BCal) has postponed plans for a London stock market quotation de-spite making record taxable profits of £15.48m (\$16.9m) for the year to October 31 1984.

"structural reform" of UK civil aviaish Airways (BA). This was a "unique opportunity missed." BCal said

£150m of new equity.

The British Government refused to implement that level of reform, which the UK Civil Aviation Authority recommended as essential before BA was privatised.

biggest privately owned interna-tional scheduled airline in Europe," with more than 2m passengers last

BCal is to make an announce ment in about a week on plans for an extra Boeing 747 and an addi-tional McDonnell Douglas DC-10

. The airline is concerned about the lack of progress the UK Government has made on airports policy. Sir Adam said that if expansion of facilities were not allowed in London and south east England, the growth of British air transport

#### Microsoft, one of the leading U.S. software companies, to "ensure product consistency and active coknown as Open Systems Intercon-At the moment each computer oection, which is also supported by AT&T. Again the object is to estab-lish different standards to those set company uses its own operating system for which the applications A Bull spokesman described the move as a significant step towards software has to be specially written. by IBM, which dominates the world The software will not work on ancomputer market. standardisation in the European inother company's computer. If successful, it would mean appli-

The six European companies

#### cations software would be able to backing UNIX are to develop a com-Canadian securities reform plan

BY BERNARD SIMON IN TORONTO

THE ONTARIO Securities Commission has proposed relaxing the en-try and ownership rules for foreigncontrolled securities firms in Canada without undermining Canadian dominance of the securities indus-

In a report published yesterday, the OSC recommended to the provincial government that the limit on individual foreign shareholdings in securities firms be raised from 10 per ceot to 30 per cent and that a new restricted category of investment dealer be established for firms with foreign ownership above 30 per cent.

The commission also suggested that the ownership ceiling for other Canadian financial institutions in

Continued from Page 1

Ponting was acquitted were based on his leaking of documents to Mr

Dalyell, who has been a severe crit-

Mr Ponting, he insisted, had heen partly responsible for a key memor-

andum in which ministers were advised not to answer fully questions posed by the House of Commons se-

lect committee on foreign affairs. Mr Ponting had seen the memor-

andum before it was issued, and

had "spent 10 days in absolute si-

ters nor to his civil service col-

leagues.
"If he had this sense of outrage

protesting neither to minis-

about what his own colleagues were were not given," he said.

grano affair.

lence"

Heseltine defends

Belgrano secrecy

securities firms be set at 30 per suers and investors to offshore mar-

The OSC report still has to be considered by the Ontario Government whose lead in securities industry regulation is normally followed by Canada's nine other provinces. Securities firms are regulated by provincial authorities. The vast majority of Canada's 100-odd investment dealers as well as the Toronto stock exchange are located

The OSC said in its report that "allowing a limited number of nonresident firms to carry on business in the Canadian market place will. in addition to providing competition to the domestic firms in Canada. improve the access of Canadian is-

advising, why didn't he challenge their advice?" Mr Heseltine de-

But Mr Davies, in turn, said that

Mr Davies also directly attacked

Mrs Thatcher, whom he accused of hlatantly misleading the House of

Commons, in February last year.

Parliament had not then been given

the true date of the sighting of the Belgrano, yet the Prime Minister had "had the affrontery to try to

pretend to the House that we had all the facts available. All the facts

Better results

Continued from Page 1 were nearly 13 per cent lower than

in 1983.

M Calver also expressed concern

over the risk that the current spec-

tacular commercial success of the Peugeot 205 supermini could over-shadow the group's other wide range of models.

for Peugeot

Under its proposals, the aggregate capital of "foreign dealer registrants" more than 30 per cent foreign-owned will be limited to about 30 per cent of the industry's total capital, which presently stands at about Cibn. No foreign controlled firm will be allowed to account for more than 1.5 per cent of total industry capital.

Applications for foreign dealer

registration will be considered by the OSC on a one-off tender basis at | when facilities became saturated. a date still to be determined.

phic diversity and the range of services offered by a firm in Canada.

## Thais pull together on state industry deficits

Continued from Page 1

ing private sector debt, is now esti-mated at \$13bn and servicing it has secome an increasing burden. The overall debt service ratio is above Mr Heseltine had concentrated un a the important 20 per cent mark, and character assassination of Mr Pon-ting because he had no other case current fiscal year) are the largest item in the central Government's

oudget.
The budget, it has emerged in the past couple of months, is running at a deficit of as much as 50bn baht, well above the 35bn baht target. Worse, the state enterprises are likely to notch up a separate delicit of 30bn haht. On top of this the better performers – Egat, the Thai To-bacco Monopoly, the Telephone Or-ganisation of Thailand – are showing signs of decreased profitability.
The biggest loss-maker is the The biggest loss-maker is the Bangkok Mass Transit Authority (971m baht in 1984), which operates the capital's bus system and has been losing money for at least a decade. The second biggest loss-maker is the State Railway of Thailand (551m baht).

land (551m baht). Two years ago the World Bank warned that a resolution of the financial difficulties of the SRT, BMTA and the Metropolitan and Provincial Water Works Authorities, was "urgent." The World Bank range of models.

The 205 market segment is also likely to come under increasing pressure in France from the rival efficiency and management.

tially the prices of its Super 3 mini ing enterprises, higher tariffs and in an effort to regain market share. retrenchments to cut losses in oth-

ers. It also recommended greates fiscal co-ordination with the central Government and a slowdown in government borrowing.

Pressure has since been huilding

for action. It now appears to be recognised that salaries and wages the major component of most state companies operating costs - are in-flated and that there is too much overtime and vast overmanning. Insufficient professional and technical expertise at management levels and a rapid turnover in management add to the inefficiencies.

Beyond this, it is agreed that there should be far greater selffinancing of projects, and it has been suggested that a national state enterprise committee could be set up to remove state companies from make them financially more accountable. The idea which has gathered

most momentum, however, has been to sell stakes in state companies to the private sector in order to give the Government more revenue and to make the companies more efficient Thai Airways, for example is considering such plans and "privatisation" has become as much a buzzword in Thailand as in Malaysia or Britain.

None of these, however, are as easy as they might seem. The state enterprises employ about 250,000 people, many of whom are orga-nised in unions. The companies also

## THE LEX COLUMN Two-wheel drive for Wheelock

Marden was just the sort of thing to send the Chinese year out with a bang. Even with the Wheelock share price in suspension the Hang Seng index was up 40 points at one stage yesterday before settling back still comfortably above 1400. That an overseas Chinese of the weight of Tan Sri Khoo sees ambitions in mainland China best served through Hong Kong was encouragement enough for the market. The entry of Sir Y. K. Pao merely confirmed the optimists view that there is enough cash — and confirmed. dence since the Sino-British agree-ment - to keep the market bubbling well into the Year of the Ox. Apart from the Wheelock quoted subsidia-ries, Jardines was the main target of speculative attention and its

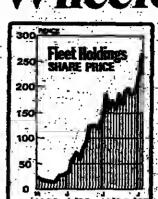
share price rose HKS1.15 to In this market, it is not surprising that what informal trading there was in Wheelock shares was above Sir Y.K.'s offer of HK\$8.60 (\$2.1bn). A company such as Wheelock scarcely deserves a big premium to net asset value even if the winner of the auction can free net cash balances in the property companies of up to HKSL5bn. However, other parts of the market are assuming that each bidder has gained more than 30 per cent of the voting equity which, allowing for a further chunk of cross-holdings, does not leave much room for a third party. With the deadlock between Mr

Marden and Mr Cheung broken at last, it is cooceivable that Wheelock could sort out its shipping division and exploit its cash without the assistance of a predator. But with just part of a day's trading until the Chinese New Year, not much is likely to be settled this week.

#### UK public borrowing

Britain's gilt-edged market seems to retain a healthy scepticism about Government forecasts of its own deficits. When January's public spending borrowing requirement (PSBR) figures were released yesterday showing a surplus for the month of £2.4bn - right at the bottom of economists' forecasts - govament securities shrugged off the news with an immediate fall of about % point.

The Government always claws money back into its coffers in January. This time, though, the Inland Revenue must have been disap-



same time last year despite the healthy state of corporate profits-

bility.

The outburn for the year seems likely to be between £9%bn and £10bn, providing expenditure be-haves itself in February and March. This has already been discounted in the gilt market, which is looking to the March budget and beyond.

What it had not discounted yeserday, though, was the strength of the dollar. Every time the U.S. celebrates a former President's birthday these days, the dollar goes up like a party balloon. Long gilts took one look at the level of the pound and lost % point.

#### British Caledonian

Airline finances are a wonder to behold. The 1984 report and accounts of Caledonian Aviation, the parent company of British Caledonian, discloses a reduction in net interest payments from £16.3m to £9.7m during the year to October.

In most companies this movement would point to a reduction in borrowings. Not so in the airline business. Caledonian's loans and term finance, net of desposits, have risen by £82m to £277m thanks largely to a capital spending bill which, at just over £100m, covers the depreciation charge four times

the reduction in interest on tax the value of its stake in Reuters. leases which flowed from the 1984 That does not price fleet's actual Finance Act. The con credited disposal profits of £8.8m - ing, let alone build in enough of a arising largely from the sale and premium to discourage a bidder, lease back of BAC 1-11 sircraft - like United Newspapers - who was with the result that a small drop in interested in the value of the parts. group operating profit is trans-

Yet, however, the numbers are added up Caledonian still appears to be making a very slender return on the business of flying people from one aligner to another. Profits should be boosted by the addition of the New York and Sandi routes but Caledonian still has to finance the purchase of the how midelested. purchase of the two wide-hodied aircraft (second hand price about \$22m each) needed to fly them.

The company seems happy to put off its long awaited flotation fire a while yet, so presumenty its benk-ers are happy to finance buther spending by a group which already sports equity gearing of about 300per cent.

#### Fleet/Aitken Hume

For such a peremial bid-candidate, with a fifth of its equity being passed perpetually around Fleet Street like the puze in a game of millionaire's pass-the parcel, it is strange that Fleet has taken quite so long to find itself a defensive ac-quisition. The eventual choice of a Attken Hume at least makes some ferrious dynastic sense, even if the tenuous dynastic sense - even if the present Aitkens bear only a distant family relation to the Express, while financial services are not exactly Fleet's established line of business.

In more normal streamstances

Fleet's trading for the last six months of 1984 would in itself give it the makings of a fairly reasonable defence, showing a 42 per cent increase in trading profits to 19.3m.
Fleet seems to have done rather better than other proprietors of na-

better than other proprietors of national newspapers at getting the benefit of increases in cover price, and a recovering the outlay on promotional hingo.

The Star, particularly, was helped by its share of this expense, and should still be holding some of the additional sales in the current period. Other the measurement of the contraction of the course of

od. Only the weaker performance of Fleet's valuable magazine division-hindered by loss of drug advertising even after sustained bid interest The revenue account, however, the market still capitalises it at only benefits to the time of £8.7m from about £240m, not much over twees

formed into a leap in pre-tax profit discussions with Aitken Hume are from £3.3m to £15.4m. unlikely to change much. unlikely to change much.

#### **Systems Designers** International plc

has merged with

Warrington Associates, Inc.

a Minneapolis based software service company

## Samuel Montagu & Co. Limited

initiated the transaction. advised Systems Designers, and arranged currency call options on the US\$ exposure.



Samuel Montagu & Co. Limited 114 Old Broad Street

#### Renault Super 5 mini. Renault, the | The Government then produced its state-owned car group which is expected to have lost as much as FFr 10bn in 1984, has cut back substan-dissolution of some minor loss-makoffer influential political and military figures in Thailand excellent



## SECTION II - INTERNATIONAL COMPANIES

# **FINANCIAL TIMES**

Tuesday February 19 1985



#### **Trilogy** hit by further problems

SAID BRIDE

The ball of the first of the fi

Inc.

. - . . . . . .

Limit

By Louise Kehoe In San Francisco

TRILOGY, the ill fated U.S. supercomputer developer, faced more dif-ficulties this week. The main portions of its co-operative technology development programme with Sper-ry, the U.S. computer group, have ended and plans for a merger be-tween Trilogy and California Devices bave been cancelled.

The ambitious venture, founded by computer designer Dr Gene Amdahl, now appears to be virtually defunct. Trilogy spent mora than \$250m over the past four years in its efforts to build a computer that would outperform anything that IBM or the other big computer makers could offer. Trilogy also failed to make its wafer-size computer chips work properly, but built one of the most sophisticated chip production plants in the world in

the process of trying.

Forced to abandon its grandiose plans to design a high-performance computer powered by "superchips," Trilogy planned to stay in business by providing chip design and development services to Sperry, one of its leading investors. Trilogy said those services generated more than

\$2.25m of its 1984 revenues. Trilogy said the joint projects would be phased out because existing assignments were finished and because the company's long-term strategies were no longer compatible. Trilogy said it might provide additional services to Sperry if new contracts were negotiated.

contracts were negotiated.

• Verbatim, the largest U.S. mannfacturer of Toppy disks used to store personal camputer programs and data, will lay off about 400 employees - 25 ver contract to the contract of ployees - 25 per cent of its domestic workforce - over the next few weeks. The company, like its competitors in the floppy disk business, is facing a slowdown in orders and rapidly declining prices for its products. Disk prices have fallen by I. Is. Europe, Lee Cooper has also
about 20 per bent ever the past 12 taken knocks, having to close
months.

Lean bene been hit by an inThey reflected, through the meditime of apparel, changing patterns
among younger people. Instead of
that were taking place in highlyles.

Mr Roger Tamrez, chairman and

Although Deak-Perera U.S. which buys and sells foreign exchange and precious metals through a network of more than 50

problems of its parent, which is maority owned by Mr Nicholas Deak. 79, a former Hungarian refuges who came to the U.S. in 1939.

the world facing heavy losses after the collapse of Deak-Perera International Banking Corporation (Denebanco) and Deak's deposit-taking operations to Hong Kong and Ma-

last autumn after a U.S. presidential commission on organised crime alleged that one of its subsidiaries had been used to launder South American drug money. The U.S. Treasury has lodged a claim against Deak for \$572,000 for viola-U.S. offices, was not included in the tions of the U.S. Bank Secrecy Act

Strauss, demand is going to remain

"flat" for some time.

in 1958, is the most valuable asset in the Deak-Perera empire and became increasingly important as Deak tried to raise money around the world. In April 1983 Deak sold a "substantial interest" in Deak National Bank, a small bank in up-state New York, to Foco for \$2m. In August 1983, Deak sold its Austrian

Bank Almashrek says its offer for all of the outstanding capital of businesses to a corporate group un-

Wind of change knocks bottom out of the blue jeans market

It is clear from the papers that Intra Investment Company, e Mid-Deak's Swiss bank, Foreign Com-merce Bank (Foco), which it formed terests include Middle Eastern Airdle Eastern conglomerate whose in-terests include Middle Eastern Air-lines, Normed, France's biggest shipbuilder, and investments in communications, real estate and hotels. Mr Roger Tamrez is also chairman and chief executive of Intrawhich in turn is 60 per cent owned by the governments of Lebanon, Kuwait, and Qatar and 40 per cent

owned by private individuals.

The Beirut bank already owns a Swiss bank, Banque de Participa-tions et de Placements (BPP), and Mr Roger Tamrez says his offer is \$5m in cash and the rest in non-voting securities of BPP, which will be in bearer form and quoted on a Swiss stock exchange. He reserves the right to reduce the price if the book value of Foco at the closing date is less than SwFr 40m (\$14.4m) or the amount of fiduciary assets under management were less than

Swiss banking licences are hard to come by for foreign entities, con-

has caused considerable interest in the international financial commuprofitable and offers a full range of banking services. Deak's creditors claim that it manages "substantially in excess" of SwFr 1.5bn in fiduciary and trust accounts. Asida from its Austrian bank, Foco owns Eurotrade Bank and Trust Company and a small Swiss brokerage

Deak & Co owns 85,747 of Foco's 100,000 shares but these have been pledged to cover various borrow-ings by Deak of which \$89m is to Depebanco. Deak says in its own court filing that it does not believe the proceeds of the proposed sale will be sufficient to satisfy in full the indebtedness to any pledgee ex-cept Bank Leu, which provided it with a line of credit last August.

Deak is seeking court approval to sell Foco to Dow Banking, on behalf of an unnamed client, for \$48m. As part of the deal, Deak is seeking to

sequently the planned sale of Foco retain Foco's 49 per cent stake in has caused considerable interest in Deak-Perera U.S. and its interest in Deak National Bank

Deak's move to dispose of its Swiss bank to Dow is being opposed by several interested parties, inding Hong Kong's official receiv er, in his role as liquidator of Deak-Perera Far East; Deak's official creditors committee; and the management of Foco itself. The belief is that a better price than \$48m could be struck if the sale was not rushed

Aside from Bank Almashrek several unnamed parties have informed the U.S. bankruptcy court of their interest in buying Foco bank and parts of the Deak-Perera empire, including a \$12bn insurance company. Meanwhile Grospart AG, a Swiss wholesaler with annual sales of SwFr 13bn, which already owns Bankinvest, a Swiss commer-cial bank, has objected to the proposed sale of Foco to Dow on the ground that not enough information was available to enable a third par

#### ITT unit set to win Israeli contract

By Paul Cheeseright in Brusse

BELL Telephone Manufacturing, the Belgian unit of ITT of the U.S. is entering into the final phases of negotiation with the Israeli tele-phone authorities for the supply of ts System 12 digital telephone

The contract might be worth as much as \$70m. System 12 would be used for a second telephone net-work in Israel, complementing that already installed by Northern Telecom of Canada.

The Israeli Government last year agreed in principle to buy System. 12 but Mr Shimon Peres, the Prime Minister, called for a two-month suspension of this decision so the elephone authorities could consider a new proposal from CTT-Alcatel of France

Yesterday, the original decision in principle was re-affirmed, opening the way for a firm contract.

Israel has been talking with major equipment suppliers about a second network for three years. Bell Telephone and CIT-Alcatel emerged as the strongest competitors although, originally, tenders were also put in by GTE of the U.S. and Siemens of West Germany.

#### **Pechiney lifts** revenue 22%

mann, the French state-owned metals group, increased its revenue for 1984 by 22.8 per cent from a yeer earlier, helped by an upswing in exports.

35.4bn (\$3.54bn) from FFr 28.8bn in 1983, based on comparable group structure. Pechiney pointed out that 66 per cent of its 1984 revenue was

## Beirut bank bids \$50m for bulk of Deak-Perera

BANK ALMASHREK, a Beirut operate normally, it is one of sever-bank majority-owned by several al Deak subsidiaries affected by the bank majority-owned by several Middle Bastern governments, has made a \$50m offer for the bulk of the operations of the troubled Deak-Perera group, the oldest and iargest foreign exchange and pre-cious metals retailer in the U.S., which also controls private banks in Switzerland and Austria.

chief executive of Bank Almashrek. made the offer in s letter to a U.S. bankruptcy court this month. The court is responsible for the reorganisation of the New York-based Deak & Co, holding company for the Deak-Perera financial empire, which filed for protection under Chapter 11 of the U.S. bankruptcy code, along with two of its subsidiaries, last December after a run on

Chapter 11 filing and continues to with the bankruptcy court.

The U.S. bankruptcy court is try-ing to balance the conflicting claims of Deak's creditors which include several thousand depositors around

The U.S. court papers shed some light on the complex financial af-fairs of the Deak-Perera group, which ran into liquidity problems

bank, Bankhaus Deak, to Foco for Sch 175m (57.6m), and in February 1984, Deak sold a 49 per cent stake in Deak-Perera U.S., which controls the U.S. office network, to the Swiss bank for \$6.5m.

the Zurich-based Foco, and Deak-Perera U.S., is "intended to permit the prompt transfer of the banking and foreign exchange and metals affected by the negetive publicity and market psychology of the bankruptry proceedings."

Bank Almashrek is owned by the

the straightforward pair of blue de-

nim trousers, supplemented per-

baps by a denim top, younger peo-

ple are increasingly buying more

The first big attack on the place

held by jeans came when tracksuits

became acceptable as everyday

wear. That was followed by increas-

ing purchases of separates, -- blou-

sons, jackets or cardigans , with

Fashion and style became much

more important, and with them

At about the same time - the ear-

ly 1980s - the jeans manufacturers

had become stuck in their own time

Jeans were the clothes of the new

generation that emerged after 1965.

came a shift in buying patterns.

casual-wear separates.

Long before the word androgynous became fashionable in the clothing world boys and girls were buying blue jeans from the same racks,

despite physiological differences.

The manufacturers responded by making not just an asexual garment but just one garment - the standard five-pocket Western jeans. Primed by their own success, the manufacturers failed to see the em-

ergence of greater fashionconsciousness and paid the penalty as buyers switched to other types of majerial and other styles. The market bas become much more fragmented," Mr Templeman says. Much more variety is needed now, especially if we are to compete with cheap imports from the Far East."

The answer, according to M. Pierre Pouillot, the French-born chief executive of the British company Lee Cooper, "is to build in

more styles, more fashion and to als, then other items of apparel. produce in other cloths."

At the recent French menswear exhibition in Paris, Lee Cooper had a range of clothes on their stand that was far removed from blue "Until 1983 two thirds of our out-

put was one item, the Western jean. Now it is just under balf. What we are doing is looking for other garments to make. In two years we have nearly doubled the volume of jackets we make, said Mr Pouillot. The search for alternatives is one being frantically pursued by all the companies, not altogether successfully. The first step was to turn the five-pocket jean - four patch pockets and a ticket pocket - into the more conventional trouser with ed making trousers in other materi- all its competitors.

at premium prices - Calvin Klein, Gloria Vanderbilt and the like, The traditional manufacturers have not found it easy forcing their way into the top end of the market. "We are not used to supplying the short, sharp runs that higher fash-ion dictates," M Pouillot says. In the U.S., Levi Strauss came up

However, the merket for fashion

eble jeans appears to have been creamed off by the "names" selling

with a line called Common Man's Apparel, which was described as being clothes for people who live in the fast lane. Unfortunately, it seems there were not enough of them in the fast lane "If we are to succeed," says Mr

Consolidated revenue rose to FFr Templeman, "we must find new 66 per cent of its 1984 revenue was business outside the jeans field." In based on foreign activity, up from angled, internal pockets, in denim. business outside the jeans field." In based on foreign at After that, the manufacturers start-that, Levi Strauss is being joined by 82 per cent in 1983.

BY ANTHONY MORETON, TEXTILES CORRESPONDENT, IN LONDON

THE DECISION by Levi Strauss, Lois, a Spanish concern, have both

the world's leading jeans manufac-turer, to close production plants in Britain, France and Belgium and to says Mr Miles Templeman, market-

undertake a wholesale manage ing director of Levi Strauss in Eument reorganisation may not be the rope. "Fer from it. There is still

end of the closures to hit the indus-try:

Levi Strauss is to trouble in the get the fashion content right.

U.S., its home base, as well as Europe. Profit dropped to \$41.4m last tiate his view, it has been estimated

year from \$194.5m in 1983, sales fell that just over 40m pairs of jeans

8 per cent to \$2.51bm; 20 plants were were sold in Britain alone last year.

closed and 5,000 workers dismissed. In the U.S., more than 500m pairs a

Bell, the world's number two concern, is also facing difficulties. As which most are made, are not dead, its figures are subsumed within the their day is over. According to Mr

parent corporation, it is difficult to Robert Hans, U.S. president of Levi-

Wrangler, a subsidiary of Blue year are sold.

quantify just how badly it has been

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## INTL. COMPANIES & FINANCE

## Exports underpin BMW sales rise

and motor cycle maker, in-creased group sales by 17.5 per cent to DM 16.48bn (\$5.05bn) last year, despite a seven-week sbutdown during the labour con-flict in the metal industries last May and June.

Herr Eberhard von Kuenheim, the chief executive, said that BMW had missed opportunities through the dispute over shorter through the dispute over shorier working hours, but even so it achieved records in production, domestic sales and exports.

He indicated that the parent sales. BMW's car sales in the

company had increased its pro-

fit last year, but gave no details and refused to be drawn on dividend prospects. BMW increased its 1983 dividend from DM 10 to DM 11 per share plus a DM 1 bonns, after net profit went up from DM 200m to DM 288m.
This year woul be better than 1984, Herr von Knenheim fore-cast, despite the hesitancy in the West German car madket arising from the Government's

plans to tighten exhaust emis-

up on some lost production, BMW mrned out 432,000 cars last year, 2.6 per cent more than the previous year. But it boosted car output by 7.7 per cent in 1982 and 11.1 per cent in 1983.

Although the total West German car market declined last year, BMW's domesic sales were 1 per cent higher at

U.S. rose nearly 20 per cent last year to 71,000. Sales in Japan surged shead 41 per cent to the still relatively modest total of BMW's sales revenue was boosted by the strong U.S. dollar, which lifted earnings in terms of Deutschemarks, but

also by a shift in demand towards dearer models in the company's range.

ising from the Government's ans to tighten exhaust emison controls.

After the introduction of the new K-series of motorcycles in 1983, BMW has strongly increased its sales, even though



Herr Eberhard von Kuenheim: forecast a better 1985

world markets have declined. Its production and sales of motor-cycles rose 20 per cent last year to 34,000, with its sales abroad shewing an even sharper rise of 24 per cent to 23,400.

Herr von Kuenheim said that

BMW's parent company invest-ment slipped to DM 670m last year, after an outlay of DM 800m in 1985, because some projects were pestponed as a result of the labour dispute. He said that the new plant at Regensburg was being built within the schedule time scale and should start producing cars.

year.
Herr von Kuenheim said that the West German car industry last year went through the greatest unbulence for 10 years, with the labour dispute and the unsettling of the domestic market because of uncertainty about anti-pollution controls.

controls.

He declined to disclose the level of BMW's recent domestic orders, but said the company's

domestic orders were running ahead of new registrations.

The backlog of orders which West German motorists had been withholding was likely to be loosened in the course of the year as the anti-pollation question became clearer, Herr you Kuenheim said.

## Algoma Steel reduces net loss

BY BERNARD SIMON IN TORONTO

CANADIAN steelmaker Algema Steel reduced its net less to C\$45.8m (U.S.\$34.2m), er C\$4.37 a share, in 1934, from C\$126.6m or C\$9.50 a

Algoma, whose in share-holder is Canadian Pacific Enterprises, said that improv-ing market conditions and

2 pre-tax profit in the first quarter of 1985. The company has ended a two and a half year moratorium on major capital spending by resuming construction of a C\$370m seam-less tube mill. Work on the mill was suspended in late 1982, but the viability of the project has been improved by a recovery in demand for tabular products and a favourable outlook for in-creased sales to the North American oil and gas indus-

Funds for the rest of the mill project, totalling C\$150m, will be supplied through a partnership arrangement with Canadian Pacific.

John Macnamara,

Algoma's chief executive said the company is also examin-ing the installation of additional ladle steel refining capacity, a new bloom/ roundcaster and modernisa tion of its rail mill. Algo main plant is at Sault Ste. Marie on the eastern edge of

Lake Superior.

O CHRYSLER Canada, part of the Chrysler motor group of the U.S., had not income in 1984 of C\$280.5m on sales of C\$6.30m. This compared with 1983 profits of C\$118.8m

on sales of C\$4.3bn.
The company said it pre-paid all of its C\$281.3m of debt to Canadian banks and arranged a previously re-ported C\$250m in revolving credit facilities.

#### plan for gold futures market By Laura Raum In Amsterdam

Amsterdam

AN AMSTERDAM gold futures market is to begin trading in April on a pilot programme

The two-year programmatimed at determining who such an exchange can attract enough business to survive amid the escalating competition between international financial centres.

Mr Tjerk Westerierp, general director, of the European Options Exchange said the EOE would provide half the start up capital for the futures market, which nevertheless will have a separate membership and man-

separate membership and management.

The futures contracts initially will cover one half kilo of gold and be priced in florins, thus appealing largely to a domestic Dutch clientele. If interest in the market proves sufficient, additional contracts will be offered covering 100 troy ounces, and priced in dollars, the specifications used on the New York Commodities Ex-New York Commodities Ex-change

#### French bank ahead

against NKr 102m in 1983.

Dyno attributes the improvement partly an acquisition and partly to the world economic upswing, which boosted demand for most of its products.

If this trend continues Dyno

of Ceat Cavi, the tables subtook over the plant near Turing took over the plant near The deal, which will cost Pirelli will later take over consolidated net profits should the control and production of rise to about FF 220m from Cent Tyres at its plant at FF 1804m but the consolidated net profits should the control and production of rise to about FF 1804m but the consolidated net profits should the consolidated net profits should the control and production of rise to about FF 1804m but the consolidated net profits should the control and production of rise to about FF 1804m but the consolidated net profits should the control and production of rise to about FF 1804m but the consolidated net profits should the control and production of rise to about FF 1804m but the consolidated net profits should the control and production of rise to about FF 1804m but the control and production of rise to about FF 1804m but the consolidated net profits should the control and production of rise to about FF 1804m but the control and production of rise to about FF 1804m but the control and production of rise to about FF 1804m but the control and production of rise to about FF 1804m but the consolidated net profits should the control and production of rise to about the consolidated net profits should the control and production of rise to about the control and rise the control and rise the about the control and rise the control and rise the a influence over Ceat. Last year it reached an agreement with the Ceat Tyres subsidiary which effectively ended the subsidiary's independent existence.

Industrie Pirelli is to buy 6.5m shares in Ceat Cavi as part

share, a year earlier. Fourth quarter net losses were C\$11.6m against C\$26.3m.

Sales rose from C\$859.5m to C\$1.1bn and an eperating loss of S\$123.9m was turned into a \$\$14.9m profit. But the company remains bur-dened by heavy interest ex-penses, totalling C\$64.7m last year, slightly higher than in 1982.

efferts to cut costs "should provide the opportunity" for

Dyno steps up

payout to 15%

items rose to NKr 180m (\$19m),

By Fay Gjester In Oslo DYNO, the Norwegian chemi-

## Pirelli to acquire 10% of Italian cables rival

BY JAMES BUXTON IN ROME .

cals, plastics and explosives group, is increasing its 1984 dividend to 15 per cent from 14 per cent following significantly increased profits.

Profits before extraordinary INDUSTRIE PIREILL, the of a capital increase involving Italian operating company of 16.5m shares. This will give it the Pirelli tyre and cables 10 per cent of Ceat Cavi the tables subtoned for the tables subtoned for the property of Ceat Cavi the Cavi the

If this trend continues, Dyno says, even higher profits can be ected for the current year. In 1984, Dyno acquired the U.S.

Gross operating income rose to NKr 2,978m in 1984, from NKr 2,210m a year earlier, a rise of 35 per cent.

6.5m shares in Ceat Cavi as part stake in Pirelli Sp9.

Peter Montagnon on the BIS figures for the 1984 third quarter

## U.S. banks scale down international lending

by the collapse of West Germany's Herstatt bank in 1974, according to new figures from the Bank for International Set-

A large part of the fall was accounted for by movements in exchange rates, but even in constant dollar terms total lending dropped by \$4.4bn as once again banking problems — this time the troubles of Continental Illinois — dampened ectivity in the interbank market.

Whereas the problems of Bankhaus Herstatt bad caused European banks to draw in their horns, this time it was the turn of U.S. banks to scale down their activities at bome and abroad. A \$5.6bn decline in international lending by banks in the UK largely reflected cuts in the assets of U.S. bank affiliates and branches operating out of Londen.

notes that four other factors acted to depress activity in the international banking market. Growing use of the bond markets for international bank-

INTERNATIONAL bank lend-countries in the developing lending. The external assets in to build up their reserves as ing contracted by \$37bn in the world and the improvement in dollars of banks in industrial their financial position improved third quarter of last year, the the balance of payments of countries dropped by \$19bn, with large trade surpluses last whereas those in other current the financial system was rocked by the collapse of West Gerbank loans.

The behaviour of U.S. banks anthorities outside its reporting

But it was in the interbank also had a considerable impact

CHANGES IN INTERNATIONAL BANKING FLOWS.

2nd 3rd end Sept. 47.7 -4.4 2,114.9 40.8 -6.8 1,224.3 Interbank lending Net international credit (Figures in Sbn after adjustment for exchange rate changes).

national bank credit would have expanded by some \$10bn during the third quarter, the BIS argues.

One consequence of the reduced participation of U.S.

Even this, however, would have been a much slower rate of expansion than that seen in the previous quarter (\$25bn) er in the third quarter of 1983 (\$20bn)...

banks in international business was a shift away from the use ing, the development of the banks in international business Euronote issuance market, con-tinued debt problems facing of the dollar in international

market in which banks lend on the net flows of money into surplus funds to one another the U.S. during the third quarthat the drop was really felt. ter. The BIS says that gross Without cuts in this area interlending abroad by U.S. banks on the net flows of money into the U.S. during the third quar-ter. The BIS says that gross lending abroad by U.S. banks dropped by \$24bn so that the large U.S. balance of payments deficit was in part financed by an unwinding of capital exports out of the U.S.

Borrowing abroad by U.S. banks also fell, but only by \$4.1bn, so that in net terms they again became large takers of external funds for lending to their depression.

their financial position improved with large trade surpluses last year. The BIS says that bank deposits by the monetary anthorities outside its reporting area rose by between \$6bn and \$7bn. This was a reversal of the fairly steep decline of such deposits that set in in late 1980. In contrast U.S. non-bank

investors withdrew some \$9.5bn from the international banking system during the third quarter, a development which the BIS says was probably related to the distrust of banks that built up after froubles surfaced at Continental Illinois.

Its new figures incorporate a broader collection base, which besides banks in the main industrial countries includes fer the first time full data from banks in Bahrain, the Bahamas, Cayman Islands, Hong Kong, the Netherlands, Antilles and Singapore.

The effect of this has been to force the BIS to restate previous Borrowing abroad by U.S. totals for international bank banks also fell, but only by lending for example, the total \$4.1bn, so that in net terms afforce the BIS to restate previous totals also fell, but only by lending for example, the total stock of bank credit; at the end of December 1985 has been afforced upwards by 15 per cent to their domestic customers.

Some of this meney was developing countries has been edjusted up by an even higher banks of countries in the developing world which were able to \$327bn.

U.S. \$150,000,000 Guaranteed Floating Rate Notes due 1992

#### SANWA INTERNATIONAL FINANCE LIMITED

THE SANWA BANK LIMITED Notice is hereby given that the Rate of Interest has been fixed at 97.% and that the interest payable on the relevant linearest Payment Date, August 19, 1985, against Coupon No. 3 in respect of US\$10,000 nominal of the Notes will be US\$480.78.

February 19, 1985, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANCO

Standard & Chartered

February 6, 1985

(Incorporated with limited liability in England) U.S. \$100,000,000

Floating Rate Capital Notes 1990

Standard Chartered Bank PLC

For the six months from
19th February, 1985 to 19th August, 1985
the notes will carry an interest rate of 917% per annum.
On 19th August, 1985, interest of U.S.\$49.34 will be
due per U.S.\$1,000 note for coupon No. 14.

Principal Paying Agant -American Bank & Trust Company New York, N.Y. 10015

Agent Bank: Morgan Guaranty Trest Company of New York

#### **MANUFACTURERS HANOVER OVERSEAS CAPITAL CORPORATION \$U\$** 150,000,000

**Guaranteed Floating Rate Subordinated** ...Notes due August 1996...

Notice is hereby given that the interest payable for the interest period 30th August 1984 to 28th February 1985, calculated up to and including the 18th February, 1985 will be \$493.05 per \$10,000 coupon and \$2,465.26 per \$50,000 coupon.

> 18th FEBRUARY 1985 MANUFACTURERS HANOVER LIMITED AGENT BANK

KLEINWORT BENSON FINANCE B.V. US \$50,000,000

Guaranteed Floating Rate Notes 1991 convertible until 1985 into 10½ per cent. Guaranteed Bonds

1995 and unconditionally and irrevocably guaranteed as to paymen of principal, premium (if any) and interest by KLEINWORT, BENSON, LONSDALE ple

For the three menthe 19th February 1985 to 20th May 1985, the Notes will carry a Rate of interest of 9% per cent. per annum with a Coupon Amount of US\$ 117.19.

CHEMICAL BANK INTERNATIONAL LIMITED

Agent Bank

## INTERNATIONAL COMPANIES

## New advisory body for issuers seeks to add order to market

BY MAGGIE URRY IN LONDON

A SERIOUS attempt is being made vide a forum for the market's chief to bring a little more order to the Eurobond market with the forma-tion of the International Primary Market (IPMA). That new grouping is separate from the Association of International Bond Dealers (AIBD).

robond primary market – new issue volume reached \$80bn in 1984 – and the development of new techniques and instruments are two good rea-sons why the IPMA is needed. But syndicate managers were also becoming concerned by the appearance of what chairman Mr John Sanders calls "sloppy legal and doc-

which is more concerned with the secondary market.

umentation work and potentially harmful market practices."

i msterdam

practitioners to discuss how bond.

Two sub-committees, Legal and Documentation, and Market Practices have been set up. They will make recommendations to the 15man board which will then be put to the full membership. Mr Sanders The high-speed growth of the Eu- expects that the basic guidelines covering the documentation aspect should be written within six months, while the recommendations on market practices may take

Membership of the association is for the greater good of the market limited to book-runners, those banks actually responsible for synthesis as a whole will stick to them. Firms' representatives on the association. dicating bond issues and for the documentation involved. A total of 44 banks passed the test of having He hopes that the IPMA will pro-

manage the vast majority of new Eurobond issues.

Mr Sanders, who is a senior director of S.G. Warburg, one of the leading new-issue houses, does not want the IPMA to become merely a prestigious club or a cartel and the essociation will not be a regulatory body wielding the big stick if members go astray.

Mr Sanders expects that mem-

bers who agree guidelines designed senior people able to wield some influence within their houses. As well as making internal rec-

past two years or nine in the past as a representative body for the three, and all have joined the IP-whole primary market in dealings MA. Between them they lead-with governments, central banks, uries and tax authorities, regulatory bodies and other organisa

> It could, for example, have put the Eurobond primary market's case to the U.S. Government last summer when the subject of with-holding tax repeal was under dis-cussion. It will also liaise with the

The board includes eight m bers mainly concerned with the Eurodollar bond market, while the other seven each represent other major currency sectors of the Euro-bond market. The composition of the board will be reviewed annua

## Singapore banks reject criticism

POOR BUSINESS conditions, inefficiency, and ill-judged speculation appear to have been the main causes of a wave of company failures in Singapore. rather than any increase in the number of winding up petitions inltiated by banks, the Association of Banks in Singapore claimed yesterday.

The association was responding in strong terms to allegations recently published in Business Times, a local news-paper. The banking community bas plainly been stung by the allegations, which have heightened concern about Singapore's

gloomy business climate. The newspaper quoted un-

raising borrowing costs, and According to the Business petitioning for companies to be Times, companies are being wound up.

At the same time the newspaper's editor, in an unusual "open letter," warned bankers that the steep rise in petitions initiated by banks will not be forgotten by the business community when the economic cycle swings upwards again." The banks insist that with-drawal of support was "more

likely to be the result rather than the cause" of recent usiness failures.

Banks should not throw good money after bad, and should not flinch from bold action where a business was not

wound up this year at a rate of

own increased nervousness in the wake of the Chop Hoo Thye affair in December, when a total of 19 banks found \$\$100m collapsed private import-sport house run by a local Chinese trader. It was one of Singapore's biggest-ever busi-

ness fallures. Hoo Thye's problems exposed the hazards of "name lending" and bankers' fears about competitors pulling the plug on all creditors. Businessmen running basically sound companies now named businessmen as saying viable, they said.

basically sound companies now banks were "pressing the panic A record 445 winding up button" by cutting credit lines, petitions were filed last year.

#### **Growth slows** at Malavan Banking

By our Kusts Lumpu Correspondent

MALAYAN BANKING, Malaysia's second largest bank, lifted after-tax profits by 14 per cent to 57.6m ringgit (US\$23m) in the baif year to December 1984 compared with same period of 1983.

The slower growth was attributed to tight liquidity, resulting in a bigber cost of funds, and the subdued Malaysian econ-

Total deposits rose by 8 per cent to 9.8bn ringgit, while loans and advances increased by 15 per cent to 9.2bn ringgit Total assets, including contra items, were 25 per cent higher All of these Securities have been offered outside the United States.

This announcement appears as a matter of record only.

New Issue / February, 1985

U.S. \$100,000,000

CITICORP 4

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Banque Internationale à Luxembourg S.A.

**CIBC Limited** 

**Credit Suisse First Boston Limited** 

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Nippon Credit International (HK) Ltd.

Sanwa International Limited

Svenska Handelsbanken Group

S. G. Warburg & Co. Ltd.

Yamaichi International (Europe) Limited

#### HK Land unit sells catering division

By David Dodwell in Hong Hong

THE Dairy Farm Company, a wholly-owned subsidiary of Hongkong Land, has agreed to sell its catering division to Delaware North Companies, a privately-owned U.S. group, for HK\$125m (U.S.\$16m).

The disposal forms part of deeply - indebted Hongkong, Land's strategy of selling mon-core businesses," and refining the focus of its property, food and botel businesses.

Hong Kong Electric, the local utility company, for HK\$2.9bn, pusbing group debt below HK\$12bn. The Excelsior Hotel in Hong Kong was put up for sale in October last year with a price tag understood to be HK\$800m or more. However, it was withdrawn from the mar-ket early this month after bids

### **Brambles Industries lifts** interim earnings by 26%

The director said the equip-ment rental business benefited from a pick-up in demand

resulting from the Government-funded Bicentennial roads pro-gramme and there was a better A\$15m profit last year. The and botel businesses.

The groop recently disposed of its 33.8 per cent holding in

# BY LACHLAN DRUMMOND, IN SYDNEY

per share up from 17.6 cents to.

year. rificed some market a Marine and Security opera- achieve the turn-round.

# Wooltru cuts margins to

BY JIM JONES IN JOHANNESBURG

Woolworths Truworths, accepted significantly lower margins to maintain its trading position in the 26 weeks ended December 29. Turnover rose by 11.8 per cent to R365.2m (\$191m) but operating income fell by 11.2 per cent to R36.6m. Turnover was R637.7m in the year to June 1984 and operating profit R85.1m.

Mr David Susman, the chairman, says the economic slow-down affected consumer spend-

ing but large price reductions ahead of Christmas enabled all divisions to increase sales. Mr Susman says the outlook for the rest of the year is not encouraging and the operating

companies are concentrating on trimming costs.

First-half earnings dropped to 50.5 cents a share from 57.5 cents and the interim dividend is unchanged at 25 cents. For all 1983-84 earnings came to 118.4 cents and a dividend total of 52 cents a share was

#### U.S. exports boost Korea Steel Pipe

KOREA STEEL PIPE bas reported profits of Won 1.1bn (\$1.32m) for 1984, a 358 per cent increase, on sales up 20 per cent to Won 107bn, AP-DJ

per cent to Won 1070n, AP-DJ reports from Seoul.

The company attributed the big profit increase to better export prices in 1984 than in the year before, especially in the U.S. market. Exports accounted for 70 per cent of the

CANADIAN \$75,006,000 PROVINCE OF NEW BRUNSWI

Motice in basely given that in respect of the Interest Period trum Federary 19, 1985 to May 21, 1985, the Motes will comy as laborest Rate of 1074x % per annual. The removals payable on they 21, 1986 against Coupan III. A will be Cam. \$283.84 for Resear Notes of Cam. \$10,000 principal annual and Cam. \$28.38 for House Notes of Cam. \$1,000 principal annual and Cam. \$1,000 principal annual of a Registered Note.

PREMIER GROUP HOLDINGS
LIMITED
U.S.\$50,000,000
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# Success in international business has a lot to do with

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fell short of this target.

Delaware North operates in the U.S. and Europe with businesses mainly in catering, food nesses mainly in eatering, took services, warehousing and dis-tribution. Its new acquisition, to be called Dairy Farm Cater-ing Services, provides flight kit-chens for more than 30 airlines operating mainly through Hong

Dairy Farm's sales in 1984 amounted to about HK\$8bn. It has three principal businesses—retailing through its Wellcome supermarket chain, whole-sale trading and the manufacture of dairy and frozen food products.

# BRAMBLES INDUSTRIES, the disposal and industrial pallet businesses grew steadily. Lifted net earnings by 26 per cent to A\$19.8m (US\$15m) in the half year to December, on per cent higher at \$32m. The sales 21 per cent higher at \$309m

per cent higher at \$32m. The interim dividend is up by I cent a share to 9 cents from profits

Mobil Oil Australia, the local told that the company had sac-rificed some market share to

# maintain trading position

WOOLTRU, THE South African retail chain formerly called Woolworths Truworths, accepted

R85.1m





The Board of Directors of Bell Canada International Inc. announces the election of Gordon E. Inns as Chairman and Brian A. Tickle as Deputy Chairman and Chief Executive Officer.

Mr. Inns is Executive Vice-President, Planning, of Bell Canada Enterprises Inc. He is a member of the boards of directors of Bell Communications Systems Inc., Bell-Northern Research, Newfoundland Telephone, Tele-Direct Canada and Canadian Enterprise Development Corporation. Prior to his appointment at BCE in 1983, Mr. Inns held a variety of senior management positions during his career with Bell Canada, Including Vice-President, Computer Communications; Executive Vice-President, Ontario Region; and Executive Vice-President, Marketing.

Mr. Tickle was Vice-President, Personnel, of Bell Canada prior to his appointment as Deputy Chairman and Chief Executive Officer of BCI. He joined Bell Canada in 1960 and served in a number of senior managerial positions in the marketing and customer services departments in Toronto, Ottawa and Montreal. In 1979, he transferred to Bell Canada International and for four years served as General Manager of Saudi Telecom, the telecommunications operating arm of the Ministry of Post, Telephone and Telegraph located in Riyadh, Saudi Arabia. Bell Canada International Inc., a wholly-owned subsidiary of BCE,

provides telecommunications consulting, management and turnkey services around the world. Over the past 20 years, the company has successfully completed projects in 60 countries on five continents.



# Kingdom of Spain

ISSUE ON A YIELD BASIS OF

## £60,000,000 Loan Stock 2010

payable as to £30 per cent. of the nominal amount on application and as to the balance of the issue price for value not later than 12th July, 1985 with interest payable half-yearly on 24th March and 24th September.

The Issue has been underwritten by

#### Samuel Montagu & Co. Limited

**Barclays Merchant Bank Limited County Bank Limited Hambros Bank Limited** Kleinwort, Benson Limited Morgan Grenfell & Co. Limited S. G. Warburg & Co. Ltd.

**Baring Brothers & Co., Limited Grindlay Brandts Limited** Hill Samuel & Co. Limited Lloyds Bank International Limited J. Henry Schroder Wagg & Co. Limited Banco de Bilbao, S.A.

represented by bearer bonds which will be available in the dent versa at any time after 2nd August, 1985. Renounceable allotment letters (partly paid) in respect of the Stock will be despatched on 27th February. 1985. Certificates in respect of Stock in registered form and bearer bonds i respect of Stock in bearer form will be available on 2nd August, 1985 provided the balance of the moneys payable has been duly paid.

THE APPLICATION LIST WILL OPEN AT 10.00 A.M. (LONDON TIME) ON THURSDAY, 21st FEBRUARY, 1985 AND WILL CLOSE

#### PROCEDURE FOR APPLICATION

Each application must be made in the form of the application form provided herewith and must be lodged with Lloyds Bank Pic, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N IAU not later than 10.00 a.m. (London time) on Thursday, 21st February, 1985 and must comply with the provisions of "Terms of Payment in respect of Applications" below.

Applications for Stock must be for a minimum of £100 nominal amount of Stock and thereafter for the following multiples of Stock:-

Amount of Stock applied for 2100-13-0013 £100 21.000-210.000 £1.000 £10,000-£100,000 £10,000 £100,000 or greater

£100,000 Samuel Montagu & Co. Limited, on behalf of the Kingdom of Spain ("Spain" or the "Kingdom"), reserves the right to reject any application and to accept any application in part only. If any application is not accepted, the amount paid on application will be returned by post at the risk of the person submitting the application and if any application is accepted for a smaller amount of Stock than that applied for, the balance of the amount paid on application will be so returned without interest, and in

the meantime all such amounts will be held in a separate account.

Samuel Montagu & Co. Limited, on behalf of the Kingdom, will announce the basis of allorment by 9.30 a.m. (London time) on Friday, 22nd February, 1985. It is expected that confirmation of allotments will be despatched on that day. Acceptances of applications for Stock will be conditional (inter ulia) upon the Council of The Stock Exchange admitting the Stock to the Official List for trading in the Gilt-edged market on or before Wednesday, 27th February, 1985. The Underwriting Agreement is subject to certain conditions and Samuel Montagu & Co. Limited, on behalf of the Underwriters, or in certain circumstances the Kingdom may terminate the Underwriting Agreement if such conditions are not fulfilled. If the Underwriting Agreement is so terminated, no applications for Stock will be accepted or, as the case may be, acceptances of applications for Stock will

#### TERMS OF PAYMENT IN RESPECT OF APPLICATIONS

Each application, unless made by a recognised Bank or Stockbroker taking advantage of the alternative method of payment described below, must be accompanied by a cheque made payable to "Lloyds Bank Pic" crossed "Spain Loan" representing payment at the rete of £30 per cent. of the nominal amount of Stock applied for. Such cheques must be drawn on a branch in the United Kingdom or the Channel Islands of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.

The alternative method of payment is available only to recognised Banks or Stockbrokers who irrevocably engage in the application forms lodged by them to pay Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N IAU for credit to the account designated "Spain Loun-Ahernative Propent" by 10.00 a.m. (London time) on Wednesday, 27th February, 1985 the amount in Town Clearing Funds representing payment at the rete of £30 per cent. of the nominal amount of the Stock in respect of which their applications shall have been

Where an applicant has elected the alternative method of payment but, because the amount of Stock allotted to him is less than the amount applied for, the payment due by him fulls below £10,000, such applicant must nrrange for the receipt by Lloyds Bank Plc, nt its above address, of a cheque for the amount payable, drawn as aforesaid, so as to be cleared on or before 27th February, 1985.

Samuel Montagu & Co. Limited, on behalf of the Kingdom, reserves the right to instruct Lloyds Bank Plc to retain the relevant allotmen letters and to delay the return of surplus application moneys (if any) pending clearance of applicants' remittances.

Settlement of the balance due on 12th July, 1985 may be made

either by means of a cheque, drawn as aforesaid, received by Lloyds Bank Plc, at its above address, so as to be cleared on or before 12th July, 1985, or, for payments of £10,000 or more, by means of Trwn Clearing Funds (as defined below), to be received by Lloyds Bank Plc. at its above address, not Kingdom further reserves the right, in default of payr sell any such Stock fully paid for its own accou

nisation which is a recognised bank for the purposes of the Banking Act organisation which is a recognised bank for the purposes of the stack 1979 and any firm of Stockbrokers which is a member of The Stock Exchange of the United Kingdom and the Republic of Ireland and such other banks or brokers as Samuel Montagu & Co. Limited, on behalf of the Kingdom, shall at its absolute discretion think fit for the purposes of the

The expression "Town Clearing Funds" shall mean a cheque or banker's payment for £10,000 or more drawn on a Town Clearing Branch of a bank in the City of London.

#### DELIVERY

Renounceable allotment letters (partly paid) in respect of Stock allotted will be despatched on Wednesday, 27th February, 1985 by first class post to, and nt the risk of, the person submitting the application in accordance with the instructions atated on the application form. Alternatively, a recognised Bank or Stockbroker (as defined above) using the alternative method of payment may request that the resourceable allotment letter be retained at Lloyds Bank Plc. Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N IAU for collection between 3.00 p.m. and 5.00 p.m. (both London time) on Wednesday, 27th February, 1985. Any uncollected allotment letters will be despatched by first class post after 5.00

Allotment letters may be aplit up at 3.00 p.m. (London time) on 10th July, 1985 in accordance with the instructions contained therein into denominations or multiples of £100 nominal amount of Stock.

Unless a duly renounced allotment letter with the registration tion form and/or the form of application for Stock in bearer form duly completed is received by Lioyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N IAU on or before 12th July, 1985, the Stock represented by such allotment letter will, provided it is fully paid, be registered in the name of the original allottee and thereafter Stock in registered form will be transferable only by instrument of transfer. Alkatment letters will provide for Stockholders to elect to take delivery of Stock in bearer rather than registered form. Stock in bearer form will be represented by bearer bonds which will be available in the

denomination of £5,000. Each Stockholder who elects in the allotment letter to receive bearer bonds may elect to receive them in one of the three following ways:-(a) By collection from the offices of Lloyds Bank Pic, Registrar's Department, Issue Section, 111 Old Broad Street, London ECZN IAU or Registrar's Department, Goring-by-Sea,

Worthing, West Sussex BN12 6DA. (b) By post at the risk of the applicant. Lloyds Bank Plc will insure any package destined for an address in the United Kingdom provided a cheque in favour of Lloyds Bank Pic is enclosed with the allotment letter for 50p per £5,000 nominal amount of bearer bonds to be sent (minimum payment £2). insurance rates for other countries will be quoted on request. (c) By delivery to an existing account with the Euro-clear System ("Euro-clear") or CEDEL S.A. ("CEDEL").

Bearer bonds are expected to be available for delivery on and after

Stock Certificates in respect of Stock in registered form will be despatched to the registered holders (in the case of joint holders to the first named) at their registered addresses, at their risk, by Lloyds Bank Plo on 2nd August, 1985. After such date the relevant allotment letters will cease to.

be valid for any purpose.

No Stock Certificate will be issued and no bearer bond will be made unless the Stock to be represented thereby is fully paid.

#### DETERMINATION OF RATE OF INTEREST AND ISSUE PRICE

The Stock will have nttached such rate of interest and be issued at such price as will result in the Stock having a gross redemption yield determined on the basis described below (the "Issue Yield").

The Issue Yield shall mean the sum of 1.40 per cent. and the gross redemption yield, rounded to three places of decimals (with 0.0005 being rounded upwards), on 13½ per cent. Treasury Stock 2004-08 at 3.00 p.m. (Londou time) on Wednesday, 20th February, 1985, the price of such Treasury Stock to be determined by Samuel Montagn & Co. Limited to be the arithmetic mean of the bid and offered prices quoted on n dealing basis for settlement on the following business day by three jobbers in the Critedged market. The gross redemption yield will be expressed as a percentage and will be calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries Vol. 105, Part 1, 1978, Page 18.

The rate of interest attaching to the Stock, which will be determined by Samuel Montagu & Co. Limited, will be an integral multiple of one-eighth of one per cent, and will be as high as possible consistent with

#### PARTICULARS OF THE STOCK

The issue of the £60,000,000 Loan Stock 2010 (the "Stock") of Spain was authorised by resolution of the Council of Ministers passed on 9th January, 1985 and will be constituted by a Deed Poll to be entered into by Spain. The following includes a summary of, and is subject to, certain detailed provisions of the Deed Poll, copies of which will be available for inspection at the offices of the Registrar, Exchange Agent and Paying Agents

The Stock will be a direct, unsecured obligation of Spain and will rank, subject to "Negative Piedge" below, at least port possu with all other existing and future unsecured independents of Spain. "Indebtedness" means all indebtedness of Spain in the beet of ....

(a) moneys borrowed by Spain; and (h) guarantees given by Spain for moneys borrowed by other

Spain will undertake that so long as the Stock remains outstanding (as defined in the Deed Poll) it will not create any mortgage, pletige or other charge upon the whole or my part of its present or future revenues, property or assets to secure any present or future External Indebtedness without securing the outstanding Stock part passar therewith. "External Indebtedness" means Indebtedness which is expressed or denominated in a currency or currencies other than pesetas or which is, at the option of the person entitled thereto, payable in a currency or currencles other than pesetas, or which is payable at a rate or in an amount determined by reference to a currency or currencies other than peactas.

The Stock will bear interest from 27th February, 1985 at a rate per nnum to be determined in accordance with "Determination of Rate of Interest and Issue Price" above. Interest will be payable (less, where applicable, United Kingdom income tax) hy equal half-yearly instalments or 24th March and 24th September (the "Interest Payment Dates") in each year except that the first payment of interest in respect of the period from 27th February, 1985 to 24th September, 1985 will be made on 24th September, 1985 and will be calculated using the following formula:

$$\mathfrak{A} = \left( \begin{array}{c} \frac{135}{365} \times \frac{30}{P} \times R \end{array} \right) + \left( \begin{array}{c} \frac{74}{365} \times R \end{array} \right)$$

where EI is the first payment of interest on £100 nominal amount of Stock, R is the percentage rate of interest attaching to the Stock and

Interest will cease to accrue on the Stock on the due date for redemption Thereof unless payment of principal is improperly withheld or

The Stock will be available either in registered form ("Registered Sjock") or, at the option of the person entitled thereto, in bearer form
("Bearer Stock"). On or ofter 2nd August, 1985 and subject as provided ("Bearer Stock"). On or infler 2nd August, 1955 and subject as provided below, Registered Stock may be exchanged in nominal amounts of £5,000 or integral multiples thereof for Stock in bearer form and Bearer Stock may be exchanged for Registered Stock. Bearer Stock will be represented by bearer bonds which will be available in the denomination of £5,000 each (the "Bearer Bonds") and on issue an interest coupon (a "Coupon") will be attached to each Bearer Bond in respect of each Interest Payment Date following the date of issue of such Bearer Bond, provided that, in the case of n Bearer Bond issued pursuant to an application received during the period commencing on the day following a Record Date (as defined below) and expiring on the immediately succeeding Interest Payment Date (both inclusive), no Coupon will be attached in respect of that immediately ceeding Interest Payment Date.

Applications for Bearer Stock made before 2nd August, 1985 (being the date of the assue of definitive documents of title) must be made or or before 12th July, 1985 in accordance with the instructions contained in the allotment letter which will be despatched to persons to whom Stock is allotted (see "Delivery" above). On or ofter such date of issue of definitive documents of title, applications for exchange must be made on the forms available at the specified offices of each of the Registrar, the Exchange Agent, the Principal Paying Agent and the other Paying Agents referred to below and must be made by the registered holders of Registered Stock or the holders of Bearer Bonds, as the case may be, lodging such forms duly completed at the specified office of the Exchange Agent. Such exchange will only be made on payment of such costs and expenses as may be incurred in

An application for Bearer Bond(s) in exchange for Registered Stock shall have attached thereto the Stock Certificate(s) to which sur application relates and no application for Registered Stock in exchange for the order of the holder thereof). If the Stock-Certificate attached to an application for Bearer Bonds in exchange for Registered Stock relates to a greater mominal amount of Stock than that in respect of which such application for exchange is made or relates to a nominal amount of Stock remain in registered form and a new Stock Certificate will be issued to the holder in respect thereof. All applications for the exchange of Registered Stock for Bearer Bonds and sice ressa will be irrevocable. An application shall be deemed to be made on receipt by the Exchange Agent of a duly

completed exchange form.

The initial Exchange Agent is Lloyds Bank Plc and its specified.

U. Old Broad Street. offices are at Registrar's Department, Issue Section, 111 Old Broad Street. London EC2N 1AU and Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA or such other place or places in Great Britain as Spain may from time to time agree and notify to Stockholders in accordance with "Notices" below. Spain reserves the right to terminate the appointment of the Exchange Agent provided that no such termination shall until a new Exchange Agent having a specified office in Great Britain has been appointed and notice of its appointment has been given to Stockholders

Bearer Bonds issued in exchange for Registered Stock and Stock Certificates in respect of Registered Stock issued in exchange for Bearer Bonds will be available for delivery at any specified office of the Exchange Agent or will be despatched, to accordance with the instructions contained in the application, in each case within three business days of receipt of the relevant application duly completed and accompanied by the relevant Bonds and Coupons or, as the case may be, Stock Certificates and subject to compliance with any applicable fiscal or other laws or regulations.

The Register and Transfer Office for the Registered Stock will be at the specified office of the Registrar. The initial Registrar is Lloyds Bank Pic and its specified office is at Registrar's Department, Goring-by-Sea, Worthing West Sussex BN12 6DA or such other place or places in Great Britain as Spain may from time to time agree and notify to the Stockholders in accordance with "Notices" below. Spain reserves the right to terminate the appointment of the Registrar provided that no such termination shall take effect until a new Registrar having a specified office in Oceat Britain has been appointed and notice of its appointment has been given to Stockholders in accordance with "Notices" below.

Registered Stock will be transferable in amounts and multiples of one pency by an instrument in writing as if the Stock were a security to which Section I of the Stock Transfer Act 1963 of Great Britain applied. The Bearer Bonds will be transferable by delivery.

(a) Mandatory Redemption

Spaio will redeem the Stock (unless previously purchased and cancelled) at par on 24th March, 2010.
(b) Purchases

Spain may at any time purchase Stock in the open market at any

price or by private agreement at a price (exclusive of accrued interest and expenses) not exceeding 115 per cent. of the middle market quotation of the Stock on The Stock Exchange in London (or, failing such quotation, on such other stack exchange or securities market on which the Stock is listed for the time being) at the close of business on the last business day before the date of

Stock so redeemed or purchased abell be cancelled forthwilb and

In the case of Registered Stock, payments of principal and interest will be made in pounds sterling by cheque or warrant, drawn on n Town Clearing Branch of n hank in the City of London, which will be posted, no later than the due date for the relevant payment, at the Stockholder's risk, to persons who are registered as Stockholders in the close of business on the relevant Record Date or to their nominated algents and made payable to such Stockholders, subject in all cases to facal and other laws applicable thereto. In the case of joint holders in respect of a particular holding, the cheque or warrant (made payable to all such holders) will be sent to the first named on the Register unless instructions to the contrary are given in wriding to the Register by all such holders. The "Record Date" shall mean the thirtieth day before an futerest Payment Date but should such thirtieth the fall on a day on which the specified office of the Registrar is not open for business, then the Record Date shall mean the first day thereafter on which such specified office is open for business.

Ju the case of Bearer Stock, payments of principal will only be made against surrender of the Bearer Braids and subject as mentioned below. psyments of interest will only be made against surrender of Coupons, it the specified office of the Paying Agent in London in pounds sterling or, at the option of the bearer, at the specified office of any Paying Agent by a chaque



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#### Kingdom of Spain

ounds sterling drawn on, or by transfer to an account in pounds sterling stained by the payee with, a bank in London, subject in all cases to face

Bearer Bonds should be surrendered for redemption together with all unmatured Coupons, failing which the face value of any missing unmatured Coupon (or, in the case of partial payment in respect of any Beaver Bond being made, the proportion of such face value which the

amount of the partial payment bears to the principal amount due in respect of the Bearer Bond) will be deducted from the principal sum due for payment. Any amounts of principal so deducted will be paid in the manner mention. mentioned in the preceding paragraph against surrender of the relevant, missing Coupon at any time before the expiry of a period of 10 years after the; due date for such redemption, whether or not such Coupon would otherwise mentioned in the preces ne void pursuant to "Prescription" below,

If the due date for payment of any amount of principal or interest in respect of any Bearer Bond or Coupon is not a day on which banks are open for business in the location of the specified office of the Paying Agent at which the Bearer Bond or Coupon in question is presented for payment and (in the case of payment by transfer to an account maintained by the payce in London as referred to above) on which dealings in pounds sterling may be carried on in both London and in such place, then the Holder thereof shall not be entitled to payment of such amount undlithe next following such day in such place or places or to any interest or other sum in respect of such delay.

If the redemption date for any Bearer Bond is not an Interest Payment Date, interest accrued tince (and including) the last preceding Interest Payment Date, and any interest accruing on any Bearer Bond the payment of which has been improperly withheld or refused, will be paid only to the holder, against surrender, of the relevant Bearer Bond.

The initial Paying Agents and their specified offices are listed below. Spain will at all times maiotam a Paying Agent in London and in onc. country in continental Europe. The Stockholders will be notified in accordance with "Notices" below of the replacement of any Paying Agent. any change in the specified office of a Paying Agent and the appointment of. any additional Paying Agents: . .

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All payments of principal and interest made by Spain in respect of the Stork will be made without withholding or deduction for, or on account of, any present or futura taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Spain, or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, or if any payment of any taxes, duties, assessments or governmental charges of whatever nature is required by any authority of or to Spain to be made in relation to any amou mt received or receivable to respect of the Stock (including, without limitation, any corporation tax (Impuesta sobre Sociedades) or individual income tax and any penalty or charges related to any such tax), Spain will pay such onal amounts as may be necessary in order that the net an received by the Stockholders after such withholding, deduction or payment shall equal the respective amounts of principal and interest which would have been receivable to respect of the Stock in the absence of such withholding. deduction or payment except that no such additional amounts shall be

payable in respect of any payment on any Stock:

(i) the holder (being a person on the Register io respect of Registered Stock or, as the case may be, the holder of the relevant Bearer Bond or Coupon which is presented for payment in respect of Bearer Stock) of which is flable to such taxes, duties, assessments or governmental charges to respect of such Stock by reason of his having some connection with Spaio other than the mere ownership of the Stock; or ----

(a) (in the case of Bearer Bonds or Coupons) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been sufficed to such additional amounts on presenting the same for payment

on the expiry of such period of 30 days. As used herein, the "Relevant Date" means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full emount of the money payable has not been received in London by the Principal Paying Agent on or prior to such due date, the date on which full amount of such money having been so received, notice to that effect shall have been duly given to Stockholders in accordance with "Blotices" below. have been duly given to someone and someone to set as representative, of a Stockholder not resident in Spain in connection with Spain assessments or governmental tharges which are payable by him as medioned above in this paragraph "Taxation", Spain shall deliver to the Registrar satisfactory evidence that all such Spanish taxes, duties, assessments and governmental charges have been duly remitted to the appropriate authority, together with all notices referring to the same and the Registrar, will make

upon request by any Stockholder.

Any reference in these "Particulars of the Stock" to principal and/ or interest in respect of the Stock shall be deemed also to refer to any additional amounts which may be payable under this paragraph "Taxation

Events of Default

If any of the following events shall have occurred and be continuing, each Stockholder may, by written notice given to Spain at the specified office of the Registrar, declare his Stock due and payable and such Stock accordingly shall become immediately repayable, together; with

(i) if Spain shall default for more than 30 days in any payment of interest due in respect of the Stock or say part of in or

(ii) if Spain shall default to the performance of any other covio respect of the Stork and such default shall continue for a period of 30 days after written notice thereof shall have been given to Spain at the specified office of the Registrar by the holder of any Stock; or

(iii) if any indebtedness for borrowed moneys of Spain shall; become prematurely payable or repayable following a default and payment thereof is validly demanded or if steps are justifiably taken to enforce any security for any indebtedness for borrowed moneys of Spain or if Spain defaults in the payment or repayment of any indebtedness for borrowed moneys of Spain on the maturity thereof as extended by any days of grace originally applicable or any guarantee given by Spaia of borrowed moneys of others shall not be bonouzed when due and called, save in each case to the extent that Spain has disputed its liability and legal proceedings have been threatened or have commenced before a competent court.

Prescription

If any principal or interest to respect of Stock which was Registered Stock on the due date for payment of such principal or interest remains unclaimed for a period of 10 years (in the case of principal) or 5 years (in the case of interest) from the later to occur of (i) such due date for paymen thereof and (a) the date on which the cheque or warrant in payment thereo was first despatched, such principal or (as the case may be) interest shall, a the end of such 10-year oc (as the case may be) 5-year period, be forfeited and revert to Spain and the rights in respect of the person otherwise entitled

Each Bearer Bond and (except as mentioned in "Payments" above) each Coupon will be void unless surrendered for payment within a period of 10 years and 5 years, respectively, from the Relevant Date (as defined in

Replacement of Stock Certificates, Bearer Bonds and Coupons

If any Stock Certificate. Bearer Bond or Coupon is mutilated defaced, destroyed, stolen or lost it may be replaced at the specified office of the Registrar (in the case of a Stock Certificate) or of the Exchange Agent (in the case of a Bearer Bond or Coupon) upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and iodemnity as Spain may require. Mutilated or defaced Stock Certificates, Bearer Bonds or Compons must be surrend replacements will be issued.

Title to Registered Stock, Bearer Bonds and Coupons Spain, any Paying Agent and the Exchange Agent may freat the holder of any Bearer Bond or Coupon as the absolute owner theren

(whether or not such Bearer Bond or such Coupon shall be overthe and ootwithstanding any notice of ownership or writing thereon) for the purpose of receiving payment and for all other purposes.

Spain, the Registrar and the Exchange Agent shall be entitled to treat the person(s) whose name(s) appear(s) in the Register as having an absolute right to the Registered Stock to which such entry relates, and shall not be bound to recognise any equitable, conflogent, future or partial interest or any other right to respect of such Registered Stock.

All notices will be valid if despatched by post to each Storkholder at his registered address (in the case of joint holders, to the address of the holder whose name stands first in the Register) and if published in one leading daily newspaper printed in the English language and with general circulation in London or, if this is not practicable, in a newspaper printed in the Eaglish language baving general circulation in Europe. It is expected, however, that publication of such notices will normally be made in the Financial Times. Any such notice will be deemed to have been given on the later of the day following the date of such despatch and the date of the first

If Spain wishes to issue further stock so as to form a single issue with the Stock, it shall be at liberry to constitute such further stock by a supplemental deed on terms that it shall be or become consolidated and for a single issue with the Stock.

Modification of Rights

The conditions of the Stork and the provisions of the Deed Poll and the rights of the Stockholders are subject to modification by Extraordinary Resolution of the Stockholders as provided in the Deed Poll.

Governing Law, Jurisdiction and Waiver of Immunity

The conditions of the Stock and the provisions of the Deed Poll will be governed by and construed in accordance with the laws of England. Spain will waive in any suit, action or proceeding prising out of or in connection with the Stock ("proceedings"), to the fullest extent that it is legally able to do so and without prejudic in any case to the provisions of Article 44 of the General Budgetary Law of 4th January, 1977, Number 11, any immunity to which it might otherwise be entitled in proceedings throught in the English courts and, for the benefit of the Stockholders, will irrevocably without to the row replacement that the stockholders, will irrevocably bmit to the non-exclusive jurisdiction of such courts. Without prejudice in any case to the provisions of Article 44 of the General Budgetary Law of 4th January, 1977, Number 11, Spain will consent generally in respect of any proceedings arising out of or in connection with the Stock to the giving of any relief or the issue of any process in the English courts in connection with such proceedings including, without limitation, the making, enforcement or silion against any property of any judgment which may be given in such ecdings provided, however, that Spain shall not thereby waive say proceedings provided, however, that Spain analy that the transport of, any immunity from enforcement against, or execution or attachment of, any property; or assets of Spain which under the Vienna Convention on Diplomatic Relations signed in 1961 or the Vienna Convention on Consular Relations signed in 1963, would be considered "Inviolable" property of a "sending State". Spain will designate and appoint the Coasul General in London for the time being representing Spaio as its authorised agent for the receipt of any writ, judgment or other process in connection with proceedings in England and will agree that any writ, judgment or other process shall be sufficiently and effectively served on Spain if delivered to the said Crinsul General at his official address (or, if none, his address) for the time being in England or, failing such procedure, in any other manner permitted by ish law or, if consistent with international practice. English law.

#### ... USE OF PROCEEDS

The net proceeds to be received by Spain from the issue of the Stock will be used by Spain to finance budgetary expenditure.

#### STOCK EXCHANGE DEALING

The Stock in both registered and bearer forms will be dealt in on The Stock Exchange in London in the Gilt-edged market. The Stock will be traded for settlement and delivery on the working day after the date of the transaction.

Under current market practice, the price of the Stock will be quoted inclusive of accrued interest until the Stock has five years or less to run ustil final maturity

It is expected that dealings on The Stock Exchange will begin on Friday, 22nd February, 1983; without documents of title and at seller's risk, for deferred settlement on Thursday, 28th February, 1985.

#### UNITED KINGDOM TAXATION

In the case of imerest payable in respect of Registered Stock. United Kingdom income jax at the basic rate (corrently 30 per cent.) will be deducted from each payment and accounted for to the Inland Revenue. except that, under current law and Inland Revenue practice, payments will

> (a) to persons whose registered addresses are outside the United Kingdom, provided that:-

(1) the payments are made directly to an address abroad other than a brañob; of a willied Kingdom company (including a bank); and

(ii) the Registrar does not recognise the person as a resident of the United Kingdom for tax purposes and does not 'recognise that the payment is being made, directly or indirectly, to, or for the account of, such a person. neluding a branch abroad of such's person; or (b) to a bank in the United Kingdom recognised as such by the

Inland Revenue provided that such bank certifies that it is the owner of such Stock and is beneficially entitled to the interest. Persons who are not resident for tax purposes in the United Kingdom may apply for exemption from United Kingdom Income tax on interest psyable in respect of Registered Stock on grounds of non-residence ding a claim form A3 to the Inspector of Foreign Dividends. .

In the case of interest payable to respect of Bearer Bonds through a Paying Agent in the United Kingdom, United Kingdom income tax at the basic rate will be deducted from each payment, and accounted for to the Julend Revenue unless, under corrent law and Inland Revenue practice.— (1.16) evidence is produced that the beneficial owner of the Bearer Bonds and Coupous io question is not resident in the United

Kingdom for tax purposes: or (b) payment is made to a bank in the United Kingdom recognised as such by the Inland Revenue and such bank certifies that it is the owner of such Stock and is beneficially entitled to the मावद्धः, Payments of interest in respect of Bearer Bonds through a Paying

Agent outside the United Kingdom will, under current law and Inland Revenue practice, he made free of any United Kingdom withholding tax. Stockholders who are liable to United Kingdom tax on capital gains should note that the Finance Act 1984 exempts from tax capital gains (sind disallows capital losses) on Stock if the Stock is held by them for more Ihan one year.

THE KINGDOM OF SPAIN

The Kingdom of Spain consists of 58 provinces of which 47 are on the mainland of the Iberian peninsula. Of the remaining three, one province is in the Bulearic Islands and the other two are in the Camiry Islands. The 50 s occupy a total land area of 504,696 square kilometres. In addition the cities of Cesta and Melilla, situated on the coast of North Africa, are part

14 the end of 1983, Spain's population was estimated at approximately 38 million, corresponding to a density of approximately 75 persons per square kilometre. The population growth rate during the past has averaged approximately t per cont: per ann

Spain is a parliamentary monarchy. King Juan Carlos I ascended the throne as Head of State in November, 1975. Legislative power is vested in ent (Lar Corres), which is composed of the Congress and the Senate whose members are elected by universal suffrage for a term of four

. Spain is a member of the United Nations, the International Bank Reconstruction and Development, the loter-American Development mic the African Development Bank, the International Monetary Fund and tion for Economic Co-operation and Development ("OECD"). Spain is also a party to the General Agreement on Tariffs and Trade. Since 1970, Spain's relations with the European Economic Community ("EEC") Spain's relations with the European Economic Community ("EEC") seen governed by a preferential trade agreement signed with the six all members of the EEC. In July, 1977 Spain applied officially for membership of the EEC. Formal negotiations commenced in February, 1979 and entry is expected in 1986. This will be followed by a protracted al period, possibly lasting 10 years in some sectors of the economy. Spain became a political member of the North Atlantic Treaty Organisation in May, 1982, but has not, as yet, applied for full military membership.

The present government under Prime Minister Sr. Felipe Gonzalez took office in December, 1982. Its stated objectives are to control inflation, reduce Spain's current account balance of payments deficit and reduce the state-budget deficit. It has followed a tight monetary policy combined with strong faced measures. The success of the government's policies since it took office is evidenced by the decrease is the projected annual rate of inflation for 1984 to 9 per cent, from an annual rate of 14 per cent, for 1982, while the balance of psyments is projected to he Ptas 332 billion in surplus for 1984 compared with a deficit of Ptas 466 billion io 1982. On the other hand, Spain's budget deficit for 1984 is projected to be Pias 1,341 billion compared to Pias 1,067 billion in 1982.

Io 1983, Spain's GDP of Plus 22,683 billion, representing 2.1 per cent. real growth over 1982, ranked eighth among OECD members and has increased since 1979 at an average annual real rate of 1 per cent. Per capita igogore increased from Ptas 328,082 in 1979 to Ptas 591,310 in 1983. In 1983. services accounted for 58.1 per cent. of GDP (compared with 55.4 per cent. in 1979), while industry and mining accounted for 35.6 per cent. (36.7 per cent. in 1979), and agriculture, forestry and fisheries provided the remaining 6.3 per cent. of GDP (7.9 per cent. in 1979).

The agricultural sector, which has diminished in importance over the past several decades, produces cereals, citrus fruits, olive oil, wine and moducts for both demestic use and export. The industrial sector has ed in relative importance, although its growth slowed down during the period 1979-1982 due to the recession of the international economy, the loss of international competitiveness caused by domestic wages rising faster than the depreciation of the pesets and the impact of the world oil crisis on an y heavily dependent on energy imports. Since 1983, the industrial sector has shown signs of improvement. Based on an antiincrease of 2.5 per cent, and a strong rise in export demand for industrial products, industrial growth of 3 per cent, is forecast for 1984. , has increased from 10 per cent. in 1979 to 20 per cent. at 30th June, 1984, parily as a result of government policies to rationalise employment in the public sector, primarily in state-owned

Foreign investment into Spain has been increasing steadily since 1977 when the government introduced additional incentives to encourage ent from abroad, it amounted to Pres 243 billion in 1983 and Pres 228 billion for the first 9 months of 1984. The industrial sectors of steel. engineering and chemicals have received the largest volume of direct foreign of France was the largest source of foreign investment in 1983.

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The tourist industry represents a significant source of revenue for Spain as a result of its favourable climate, location and culture. The tourist industry employed approximately 1.2 million workers and produced gross revenues of Ptas 990 billion in 1983 compared with Ptas 433 billion in 1979. Over the 1979-1981 period of relatively high oil prices, net revenues from tourism offer over 60 per cent. of the balance of trade deficit.

The Government has encouraged increased use of coal and other the to imported oil. In 1983, the volume of oil imports remained virtually the same as in 1982, following a decline of 7.6 per cent, from 1981.

Since 1979, cil has declined from 69 per cent. of primary energy consumed to 53 per cent. in 1983, while at the same time the use of coal has increased 15.per cent. to 29 per cent. Government schemes to encourage the mining of domestic coal deposits have resulted in an 80 per cent, increase in production since 1979 to 39 million tonnes in 1983. Domestic crude oil production was some 3.0 million tonnes in 1983 compared to 1.5 million comes in 1982. Chal and oil account for 66 per cent. of total electricity supply, hydropower 25 per cent, and nuclear power 9 per cent.

In 1983, Spain showed a balance of trade deficit of Ptes 1,044 billion, 2.7 per cent, higher than in 1982. Imports totalled Ptas 4,040 billion in 1983 compared with Ptas 3,358 billion in 1982. Exports amounted to Ptas 2,996 billion in 1983 compared with Plas 2,341 billion in 1982. During the first 9 months of 1984, imports amounted to Ptas 3,364 hillion and exports to Pres 2,766 billion, resulting in a trade deficit of Pras 598 bill compares with a deficit of Pias 1,004 billion for the same period in 1983. The current account balance of payments deficit was Pras 327 billion in 1983, 30 per cent, lower than in 1982. During the first 9 months of

1984, there was a current account surplus of Ptas 196 billion compared with a deficit of Ptas 380 billion for the same period in 1983. As a consequence of this improvement in the balance of payments. Spain's external reserve position has also improved. International reserv≤ at 30th September, 1984 stood at U.S.S.15.7 billion, compared with U.S.S.10.7 billion at 30th ber, 1983.

The overall state budget deficit, including capital and other expenditures, amounted in Ptax 1,231 billion (5.4 per cent. of GDP) in 1983 compared to Pras 1,067 billion (5.4 per cent of GDP) in 1982. For the first 9 months of 1984, the overall hudget deficit amounted to Pras 1,086 billion compared with Pas 906 billion for the comparable period in 1983. Total public sector debt of Ptas 5,423 billion (£23,837 million) as

at 31st December, 1983 represented approximately 23.9 per cent. of Spain's GDP for that year (compared with 18.7 per cent. at the end of 1982) of which Pres 2.201 billion (£9.675 million or 40.6 per cent.) was external debt. At 30th September, 1984, total public sector debt stood at Plas 7,748 billion 1234.057 million) of which Ptas 2.491 billion (£10.949 or 32 per cent.) was external debt. Total public and private sector external debt stood at Plas 4,617 billion (£20,295 million) at 31st December, 1983 and Plas 5,205 billion (£22,879 million) at 30th September, 1984. Debt service payments for interest and principal on total public and private sector external debt amounted to Ptas 956 hillion (£4,202 million) in 1983 representing 19.8 per cent. of exports of goods and services.

Full debt service has been paid when due upon all external debt issued by Spain as well as upon all external debt borrowed by others and

#### GENERAL INFORMATION

**Underwriting Arrangements** By an Underwriting Agreement dated 18th February, 1985, Samuel Montagu & Co. Limited, Barcleys Merchant Bank Limited, Baring Brothers & Co., Limited, County Bank Limited, Grindley Brandts Limited, Hambros Bank Limited, Hill Samuel & Co. Limited, Kleinwort, Benson Limited, Lloyds Bank International Limited, Morgan Grenfell & Co. Limited, J. Henry Schroder Wagg & Co. Limited, S. G. Warberg & Co. Ltd. and Banco de Bilbao, S.A. (the "Underwriters") have agreed with the Kingdom to underwrite the issue of the Stock and the payment of £30 per cent. of the nominal amount thereof, The Underwriting Agreement is subject to certain conditions and Samuel Montagn & Co. Limited, on behalf of the Underwriters, and in certain circumstances the Kingdom may terminate the Underwriting Agreement if such conditions are out fulfilled. If the Underwriting Agreement is so lerminated, no applications for the Stock will be accepted or, as the case may be, acceptances of applications for Stock will

The Kingdom has agreed to pay to the Underwriters commi aggregating 125p per £100 of Stock for their services as managers and underwriters of the issue, out of which will be paid commissions to the brokers to the issue (W. Greenwell & Co. and Rowe & Pilman) and certain other persons who have been offered, on behalf of the Kingdom, and have accepted sub-underwriting participations in respect of the issue of the Stock. The Kingdom will also pay brokerage of 12% p per £100 of Stock to recognised Banks or Stockbrokers (as defined in "Terms of Payment in respect of Applications" above) on allotments made in respect of applications on forms bearing their stamp; this commission will not, however, be paid to respect of any allotment which arises out of an underwriting commitment. The total expenses of the issue (including the above-mentioned commissions but excluding brokerage) are estimated to amount to approximately £890,000 and are payable by the Kingdom. Generally a matrix of great Syreney to gift, a compared any specific,

No person is authorized to give any information or to make my representation and contained in this Prospetting and any information or representation not contained hereio must not be relied upon as having been authorised by the Kingdom or the Underwriters. This Prospectus does not constitute an offer of, or an invitation to subscribe, the Stock in any jurisdiction to any person to whom it is unlawful to make such an offer or invitation in such jurisdiction.

Enro-clear and CEDEL have accepted the Bearer Bonds for clearance under reference nos. 11358 (Euro-clear) and J53320 (CEDEL). Under present legislation, Stock in both registered and bearer forms is transferable free from United Kingdom stamp doty.

The Kingdom will pay all Spanish taxes, dunes, assessments and governmental charges in respect of the Stock subject to and in accordance with "Particulars of the Stock—Taxation" shove.

The Stock is not an investment felling within the First Schednle 10 the Trustee Investments Act 1961.

Certain amounts hereia are expressed in Spanish pesetas (referred to as "Ptas" and have been translated into pounds sterling using a rate of £1 = Ptas 227.50 (which was the rate of exchange prevailing on 30th December, 1983). At 10.00 a.m. on 13th February, 1985, the middle rate between the buying and selling spot delivery rates for Spanish pesetas quoted on the London foreign exchange market was £1 = Ptas 198.25.

Documents for Inspection

Copies of the following documents will be available for inspection at the offices of Allen & Overy, 9 Cheapside, London EC2V 6AD during normal business hours until 5th March, 1985:—

(i) the Underwriting Agreement referred to above;

(n) a draft, subject to modification, of the Deed Poll referred to above (including the texts of a Stock Certificate and a Bearer Bond):

(iii) the Resolution of the Council of Mioisters dated 9th January,

(iv) page 13 of the Journal of the Institute of Actuaries Vof. 105, Pert 1, 1978.

Additional Conies Copies of the Prospectus and application form may be obtained antil 5th March, 1985 from:-

Samuel Montagn & Co. Limited, 114 Old Broad Street, London EC2P 2HY.

Lloyds Bank Pic, Registrar's Department, Issue Section, 111 Old Broad

Street, London EC2N IAIL and Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA.

.W. Greenwell & Co., Bow Bells House, Bread Street, London EC4M 9EL.

1 Finsbury Avenue, London EC2M 2PA. Company Annouscements Office (until 21st February, 1985 only) The Stock Exchange, Old Broad Street, London

EC2N 1HP. Receiving Bank Lloyds Bank Plc Registrar's Departme Issue Section

111 Old Broad Street London EC2N IAU Registrar and Transfer Office Principal Paying Agent and Exchange Agent Registrar's Department Lloyds Bank Ple Registrar's Department 111 Old Broad Street

> and Registrar's Department Goring-by-Sea Worthing, West Sussex BN12 6DA

London EC2N IAU

of New York

35 Avenue des Arts

B-1040 Brussels

Kredictbank S.A. Morgan Guaranty Trust Company Loxembourecoise 43 Boulevard Royal P.O. Box 1108 Luxembourg

Lloyds Bank Ple

Goring-by-Sea Worthing

West Sussex

BN126DA

Legal Advisers in England to Spain Allen & Overy

Paying Agents

9 Cheapside London EC2V. 6AD

Legal Advisers to the Underwriters

Slaughter and May 35 Basinghall Street London EC2V 5DB

Uria & Menende

W. Greenwell & Co. Bow Bells House Bread Street London EC4M 9EL

Rowe & Pitman

Hermosilla 30

Madrid I

Spain

I Finsbury Avenue London EC2M 2PA

The Stock Exchange in London The Stock Exchange in London

	بر میں بھی میں میں بھر شیر شیر مثل بھاڑکھر میں ہے۔ Appri		
	The application list will open at 10.00 a.m. on Ti	LICATION FORM hursday, 21st February, 1985 and will close later the same day i's Department, Issue Section, 111 Old 9road Street, London E	C2N 1AU.
	· Issue on n yield basi	OM OF SPAIN Is of £50,000,000 Loan Stock 2010 It. Oa or before 12th July, 1985, the baleace of the issue price.	
-	To: Samuel Montage & Co. Limited on behalf of the Kingdom of Spale		FOR OFFICE
	amount of Stock applied for or any smaller amount that may be allotte the terms of the said Prospectus.	ed in respect of this application and to pay for the same in conformity with	USE ONLY
	Nominal amount of the Stock applied for	Amount enclosed at C30 par cent, of the nominal amount applied for	1. Acceptance aumber
	£	£	
	of Stock  Amount of Stock applied for Multiple  £100 - £1,000	Amount of Stock and thereafter for the following multiples  Amount of Stock applied for £10,000 £10,000 £100,000 £100,000	2. Amount of Stock accepted
1	is aither a mamber of the London or Scottish Cleaning House the facilities provided for the members of those Cleaning House representing payment at the rets of £30 per cent, of the Spain sgreating to slot the Stock on and subject to the the Agreement releared to therein. I/we agree that this applicat semance shall constitute a enlateral contract between Spain and the semantic statement releases.	th in the Usited Kingdom or the Channel Islands of a benk which less ar which has arranged for its cheques in be cleared through louses, mads payable to "Lloyds Bank Pic" and crossed "Spain the above-mentioned aominal emount of Stock. In consideration erms and conditions of the Prospectus and of the Underwining tion shall be irrevocable until 28th February. 1985 and that this in and me/us which shall become blinding upon the despetch by it to Lloyds Bank Pic. I/We understand that the completion and	3. Amount received on application
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ت	***************************************		
	ALTERNATIVE METHOD OF PAYMENT (This method of payment is evallable in respect of payments of £10,000 or more only to recognised Banks or Stockbrokers as described in the Prospectus).	Please place a cross here 8 you wish to collect your renounceable letter of allotmant and/or cheque for excess subscription moneys from Lloyds Bank Rc, Registrar e Department, issue Section, 111 Old Broad Street, London ECZN (AU.	→ □
	We hereby engage to pay Lloyds Bank Plc, Registrer's Ospertment, bases Section, 111 Old Broad Street, London EC2R 1AU, for tredit to the account designated Span Loan — Alternative Psyment" by 10,00 a.m. flondon time) on Wadnesday, 27th February, 1885 the emount in Town Clearing Funds representing payment at the rate of LSQ percent of the nominal amount of the Stock in respect of which the expellaction shall have been secrepted. In consideration of Spain agreeing to allot the Stock on and subject to the terms and conditions of the Prospectual and of the Underwriting Agriement referred to therem, we agree that this engagement shall be travecable until 28th	Street, London ECZN (AU.  Name of bank or broker:  Address in full:	

## National titles lift Fleet to £11m

magazine publisher, saw its is being lifted by 0.75 to 2.5 profits before tax grow by net per 20p share.

14.79m to £11.18m in the opening six months to December 21 14.79m to £11.18m in the opening six months to December 31. 2157.77m to £179.85m. Pre-tax

All activities except regional newspapers showed improvements.

Pre-interest profits of the group's national titles, the Daily and Smday Express and Daily Star, rose to £4.4m (£2.19m).

The improvement here reflected a further advance in their

ted a further advance in their performance and an "increasing return for the investment of asiderable management effort in recent years."

Competition was no less intense but costs were kept under tight control and advertising revenue was above expecta-

The Millionaire of the Month competition launched last September was strongly promoted and led to increased sales

of group netional titles.

The regional newspapers' profit level remained virtually unchanged. The South Wales Argus titles suffered from the effects of the miners' atrike.

Magazines provided another good performance. In television TV-am, in which Fleet is the largest shareholder, achieved "considerable" growth in its viewing ratings and advertising revenue and moved into profit on current trading for the first time. Its prospects for 1985 are described as bright.

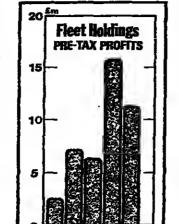
Group earnings for the first The regional newspapers' pro-Group earnings for the first six months emerged at 7.02p

profits included a £202,000 (£51,000) share of results of related companies, income from other fixed asset investments of other fixed asset investments of £638,000 (£667,000), a profit on the disposal of investments amounting to £1.4m (the sale of the Sir Joseph Causton share-bolding produced £1.38m) and other interest receivable and similar income of £750,000 (£121,000)

Deductions included other interest payeble and similar charges totalling £243,000 (£110,000)—the comparative results also took account of interest payable on convertible unsecured loan stock 1997 of £147,000

A breakdown of turnover and operating profits before interest and tax by activity shows: national newspapers £134.23m (£120.94m) and £4.4m (£2.19m), regional newspapers £2.07m (£2.89m) and £163,000 (£184,000), magazine publishing £36.79m (£32.01m) and £2,99m (£2.84m) and other activities £5.75m (£1.93m) and £383,000 (£612,000). Tax accounted for £5.26m (£1.5m) to leave the net balance at £5.93m, compared with a previous £4.89m.

The retained surplus emerged at £3.81m (£3.41m) after deducting interim dividend payments of £2.11m (£1.48m).



At December 31, 1984 net asset value per ordinary share had increased to 203p (170p at June 1984). The figure included the amount attributable to the group's direct and indirect interest in Reuters Holdings based on the end-December market value of that company's shares. No amounts were included in the value for the copyrights of the magazine and rights of the magazine and national newspaper titles.

1982/3 '83/4 '84/5

In the regional newspaper sector the Cornish and Devon Post was acquired last December and will contribute to the profits

of the group's West Country newspapers in the second six months.

Magazines showed an improve-ment despite a downturn by the medical titles due to Government

Development costs of recentlylannched magazines — wholly written off in the half year—were much in excess of those of the comparable period. Communications Systems Worldwide was launched last September and a new controlled circulation title. Debrett's Magazine, is to be published in May in association

with Debrett's Peerage.

During the half year MorganGrampian expanded into the local free newspaper business by acquiring two neighbouring groups of titles with a combined circulation of aome 500,000 copies, now formed as the North London Advertiser series.

Lord Matthews says Morgan-Grampian has excelled in apply-ing controlled circulation tech-niques to business magazines and local free newspapers are "a natural extension of its busi-

On the film side Fleet is financing e film based on Russell Hoban's best selling novel Turtle Diary. It will be released during 1985.

Given continued good indus trial relations affords the direc-tors encouragement for the year as a whole.

## Ernst & Whinney to contest £9m writ

ACCOUNTANTS Ernst Whinney are to contest an £8.9m writ from Ruberold, the bitu-minous roofing and cladding

in its first six months with Ruberoid. Camrex turned in a £1 im traiting loss which the new parent described at the time as wholly unexpected. Dr John Roberts, Ruberold's managing partner at Ernst and Whinney,

writ from Ruberold, the bituminous roofing and cladding group, alleging negligence in its audit of the 1982 accounts at includes the full fom price paid in the agreed deal, plus flm in associated costs and £1.9m in associated costs and £1.9m in loans made to Camrex subsequently. It alleges that profits and assets for the year to December. In its first six months with Ruberold, Camrex turned in a £1.9m in a parent described at the time as French lawsuit.

The amount sought in the writ these factors could reasonably be quantified. The 1982 year was the accountants first with Camrex and assets for the year to December. Thornton Baker, which bad been its anditors for some years, resigned that September. Thornton Baker said at that there were no circumstance which they "considered the time as French lawsuit.

What's mescrecied" Dr John Mr Peter Mendelssohn finance

& director, said yesterday that said: "We will be defending this vigorously. At the relevant tue profitably."

Mr Peter Mendelssohn, finance of members or creditors of the

Mr Mendelssohn said: "We were in the saddle only for a brief time, but we think that to do."

produced for a company were always more time-consuming, he added, and Ernst & Whinney had put in the necessary effort. The firm is now preparing a line-by-line rebuttal of tha 26-page document as its initial response, which it will deliver



INTERIM REPORT

on the unaudited results for the six months ended 31 December 1984

# A period of further growth

Year to 30.6.84	Six months to 31.12.84	Six months to 31.12.83	
Profit before tax	£11.2m	*£6.4m	<b>UP</b> 75%
Profit after tax	£5.9m*	£4.9m	<b>UP 20%</b>
Interim dividend	2.5p	1.75p	<b>UP 43%</b>
Earnings per share	7.02p	5.92p	<b>UP</b> 19%

"includes profit on disposal of investments.

Salient features of the Interim Report despatched to shareholders on 18 February, 1985, are:

NATIONAL NEWSPAPERS Profit before interest and taxation of £4.4 million reflected a further as improvement in their performance.

**MAGAZINES** Another good performance produced a profit before interest and taxation of £3.0 million. Morgan-Grampian has expanded into the local free newspaper business.

FUTURE PROSPECTS First half year success affords encouragement for the year as a whole.

NOTE: The figures shown for the year ended 30 June, 1984 are an abridged statement from the Group accounts as at that date. Those accounts have been delivered to the Registrar of Companies and contain an unqualified auditors' report.

FLEET HOLDINGS P.L.C. 121/8 FLEET STREET, LONDON EC4P 4JT.

#### Strong growth by Scottish Eastern

STRONG GROWTH in earnings, arising from higher dividend receipts, and beneficial currency. receipts, and beneath a currency translation of overseas earnings has enebled the directors at Scottish Eastern Investment Trust to recommend an 11.9 per cent growth in dividend payments, white also restoring the cover for that dividend. They say that the earnings outlook for the current year is favourable. The current year is ravourable.

Pre-tax profits for the year to
the end of January 1985 rose
from £4.97m to £6.2m, having
fallen from £2.79m to £2.63m at
the interim stage. The final dividend is lifted from 1.85p to 2.15p,
which tops the forest made which tops the forecast made balfway of a payment of not less

than 1.9p.

The final payment raises the total divident from 3.35p to 3.75p, with earnings per 25p share shown as ahead from 2.91p to 3.31p. A one-for-one scrip is also pro-

Tax for the year moved up from £1.81m to £2.1m, to give net profits of £4.11m (£3.15m).

Net asset value prior to charges at par came to 217.2p (181.4p). Prior charges at market value the figure came to 219p (183p)—at the halfway stage it was 167.5p.

The directors of the group, which is managed by Martin Curry, say that the growth in net asset value of about 20 percent was restricted by the decision to reduce exposure to the risks of currency fluctuations by bedging part of the U.S. dollar portfolio

They are confident that investment in growth equities will continue to be rewarding, given the modest forecasts for infla-

In the early part of the year the Trust took significant profits both in North America and Japan, reducing the dollar overdraft and reducing yen loans that were outstanding at the 1984 year end. More recently, an increased exposure to Continental Europe. especially West Europe, especially West Germany, raised the proportion invested in those market to 6 per

Total revenue moved up from £7.9m to £10.82m, which was comprised of £4.38m (£3.93m) in franked dividends, and £4.54m (£3.26m) in unfranked dividends. Interest on deposits came to #1.86m (£686,000), underwriting commission to £34,000 (£24,000), and interest on horrowings to £4,05m (£2.48m). Management expenses took £559,000 (£449,000).

At the halfway stage the directors said that since the end of the opening six months world stock markets had experienced a bealthy upward move" and the overseas portfolios, in particular, had enjoyed more than their due share of this rise.

#### Alexanders back in black second half

Alexanders Holdings, Scot-land's largest Ford main dealer, moved into profit in the second half to September 30 1984, allowing it to reduce full year

allowing it to reduce full year pre-tax losses from £214,000 to £165,000.

Mr J. B. Loudon, chairman, said the board was confident that the group wonld return to profit in its next financial year.

A pre-tax loss of £348,000 was reported in tha six months to March 31 1984. In his interim statement, Mr Loudon envisaged an improving trade situation in the latter half of 1984 with the re-introduction of Ford dealer

re-introduction of Ford dealer incentives. Turnover in the full year was np at £56.69m (£52.88m). There was again no tax charge but extraordinary debits rose from £5,000 to £34,000.

25.000 to £34.000.

Loss per share was stated at 0.55p (0.7p). As in previous years, no ordinary dividend is amounced. Tha company is proposing a one for 10 scrip issue.

Two further properties have become surplus to group needs at Edinburgh and these, along with the sita at Semple Street, which boused the dealership there before Alexanders moved to Fountainbridge, are presently to Fountainbridge, are pro on the market for sale.

#### Temple Bar Trust sustains first half growth

Temple Bar Investment Trust's net asset value per share rose to 136.82p at the end of 1984, compared with 109.77p in 1983. Net of prior charges at market value the figure was 137.57p (110.45p).

Earnings per share were 4.92p (4.19p), a rise of 17.4 per cent. For the six months to June 30 1984, earnings per share stood at 2.08p, a rise of 16 per cent over the equivalent period, a rate of growth which the directors felt could be difficult to sustain over the full year.

Final dividend per ordinary share is 3p, making 4.65p for the full year (4.2p).

Pre-tax profit rose to £4.Im, from £3.69m in 1983, on increased turnover of £8.67m (£4.67m). Franked investment income rose to £3.56m (£3.12m) while unfranked fell from £572.000 to £3.630,000. Retained profit was £154,000 (loss £8,000).

LADBROKE INDEX Based on FT Index 968-972 (-3) Tel: 01-427 4411

## Trencherwood improves margins to beat forecast

THE FIRST set of results since Trencherwood's admission to the USM has seen the pre-tax profit forecast beaten by \$85,000, with profits et £2.59m against £1.34m. The adoption of the West Berkshire based group which has interests in residential and commercial property development, investment and building contracting, says that the result is "creditable." As regards the current year, he warms of the difficulties of forecasts of the difficulties of forecasts the result is "creditable." As regards the current year, he warms of the difficulties of forecasts the result is "creditable." As regards the current year, he warms of the difficulties of forecasting against a background of interest rates uncertainty, but says that the improvement is (£1.86m) to sales in 1983-84, but the chairman is continue to do so during 1985, will be a success and that it is in this sector of the success and that it is in warns of the difficulties of fore-casting against a background of interest rates uncertainty, but says that the improvement is likely to come through in the

econd half.
This is because the group is making a substantial investment in construction of new homes in the current half with these projects yielding revenue in the

Second.

Units taken to profit in the current half is expected to be around one-third of the total, much in line with previous years, "Every indication is that new homes will again show growth in 1985 in line with the course we have set," says Mr Norgate.

Turnover rose by some 80 per cent, from £10.69m to £17.13m, with the bulk of this coming with the bulk of this coming from development at £14.75m against £8.81m. In the year under review, 88 per cent of sales were in West Berkshire,

Contracting added £2.25m (£1.86m) to sales in 1983-84, but it was a difficult year with mar-gins depressed by intense competition. Operating profit fell with a forecast of souring profit form £275,000 to £123,000. The for 1984. That has been achieved but larging to market, but during the current year will last year's jump in pre-tax profits concentrate on the more profit of over 90 per cent is based upon able activities until better that it is but 1985 is not going to provide anything like as dramatic an improvement. The story behind the concentrate on the more profit of over 90 per cent is based upon able activities until better both its key areas of residential.

The leaving division contributes the commercial development.

Trencherwood came to the USM

#### • comment

Tha leasing division contributed £126,000 to group turnover against £24,000.
At the time of the flotation last programmes gave an unusual July the group had started looking at the retirement market, with three schemes under consideration. Two of these schemes consent giving a capacity of 61 one-off and commercial, sales now under construction. The management is faced with quite contributions on the second commercial and commercial and commercial as a consent giving a capacity of 61 one-off and commercial, sales now under construction. The management is faced with quite under review, 88 per cent of sales were in West Berkshire, where the group has made e "significant investment" in a long term land bank. It is now looking to other areas for new homes production.

New projects are starting in Gloncester. Oxfordshire and Hampshire during the current inancial year.

Trencherwood has maintained its in the latter baif of the made no easier by the formmit ment to spread beyond its native manker from one-bedroomed. Newbury area which will mean increasing the land hank at a market from one-bedroomed executive detached, says that chair capital gearing rise from last man. Towards the end of the December's 58 per cent. Still mean to sale in one acre of land. These will around from provide the basis for market and the group has maintained its this type of market and the anything much more.

## Moracrest has 'excellent year'

prising 22 investments.

Pre-tax profits for the year to the end of September moved up from £1.08m to £1.72m, which, after tax of £592,000 (£315,000) and extraordinary credits of £421,000 (debits £265,000), gave a higher attributable balance of £1.55m aggiete £483.000

E1.55m, against £483,000.

Moracrest Investments and its subsidiary, Moracrest Finance, are jointly owned by British Gas Pension Schemes, Midland Bank Equity Holdings and the Pruden-

trading at Moracrest Investments has been "excellent in all respects," says Mr Jeck Smith, chairman, in his annual statement. He is able to report a directors valuation of the portfolio of £15.2m, which is 58 per cent in excess of book value.

A record level of new investment, amounting to £4m in Six companies, is reported, which Mr Smith says brings the broadly based portfolio to £11m, comprising 22 investments.

Pre-tax profits for the year to

Dividends shown pence per share not except where otherwise stated.

• Equivalent after allowing for scrip issue, -† On capital increased by rights and/or acquisition issues. -† USM stock. 
§ Unquoted stock. • South African cents throughout.

tial Assurance Company. Among investments, Mr Smith points out that management buyouts represented one-balf of new business. He says this area of activity shows signs of continuing to represent a "most important sector."

Early in the year under review Firch Lovell acquired the fresh and frozen food and meat produced the fresh area of activity shows signs of continuing to represent a "most important sector."

Early in the year under review stantial profit in return.

#### **Glasgow Stockholders** net asset up to 133p

By the end of 1984 total net assets of Glasguw Stockholders. Trust had risen from £41m to £53m, representing 133p per ordinary share, against 111p, after prior charges at par.

Earnings for the year 1984 invested initially in UK government securities. Tetal value investments was £51m (£33,8m of the dividend is lifted from 1.8p to 2.05p net, with a final of 1.3p. Dividends and interest received totalled £1.88m (£1.58m) and net revenue was £788,899 (£679,297)

after tax £433,290 (£384,925).

Proceeds of tha November debenture issue — £4m 11.5 per cent stock 2009 — have bee invested initially in UK government securities. Tetal value in the equity portfolio 44 per cent (42 per cent) was invested in the UK and 41 per cent (42 per cent) in North American the first first fax £433,290 (£384,925).

Proceeds of the November debenture issue — £4m 11.5 per cent stock 2009 — have been lavested initially in UK government securities. Total value of investments was £51m (£39.8m).
Of the equity portfolio 44 per cent (42 per cent) was invested in the UK and 41 per cent (48 per cent) in North America. During tha year £1m was switched out of the U.S. market into Hong Kong.

#### Midway rise to £0.25m at Elbief

bandbag frames, leathergoods accessories and picture frames, lifted taxable profits from £207,000 to £251,400 in the half pear to October 26, 1984. Turn-over in the six months moved ahead from £1.51m to £1.76m. An interim dividend of 0.48p (0.44p) per 10p share is declared —last year's total dividend was 1.5p. Warvers have been received in respect of some 3.3m shares.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange



(Registered in England No. 145954)

Rights issue of £46,332,668 11per cent. Convertible Unsecured Loan Stock 1995/2005 at par

> The Council of The Stock Exchange has admitted to the Official List the above-mentioned Loan Stock

Particulars of the Loan Stock are available in the Statistical Services of Extel Statistical Services Limited. Copies of the Circular to Shareholders dated 18 February 1985 may be obtained from the Company Announcements Office, The Stock Exchange, Throgmorton Street, London EC2P 2BT, for 2 days from the date of this notice and, during normal business hours on any w (Saturdays excepted), for 14 days from the date of this announcement from:

Morgan Grenfell & Co. Limited de Zoeta & Bevan New Issue Department 21 Austin Friars London EC2N 2HB

London EC2M 7EE

Tricentrol PLC Capel House -London EC2M 1JS Barclays Bank pic Registrars Departm Radbroke Hall Cheshire WA16 9EU

19 February 1985

#### **UK COMPANY NEWS**

MINING NEWS

## Platinum price and exchange rate falls leave Impala down

IN SHARP contrast to buoyant first-half results reported recently hy Rustenburg Platmum, South Africa's leading producer of the platinum group metals, profits of Impala Platinum for the six months to the end of December 1984 have fallen by a quarter. Attributable profits came out at R50.19m in the first balf of the previous financial year.

In view of this, Impala has declared an unchanged dividend of 35 cents per share, still well covered by the latest earnings of 217 cents for the first half of the previous financial year.

Pre-tax profits for the year as a whole are expected to be lower than in 1983-94, Impala said, but net profits should not he substantially different from

m the first balf of the previous year.

Impala, the second largest producer, said yesterday that it took out forward cover during the first balf of 1984 over about 30 per cent of prospective dollar earnings, in view of uncertainties regarding the exchange rate between the rand and the dollar. Both the price of platinum and the exchange rate were significantly different from expectations, Impala went on, and as a result the company bas suffered a large forward exchange opportunity loss as well as a stock loss of some R34m. Without these fectors, earnings for the balf-year would have been substantially higher both before and after tax than for the previous

financial year.

Pre-tax profits for the year as a whole are expected to be lower than in 1983-94. Impala said, but net profits should not he substantially different from the-previous year's R123.5m, out of which dividends totalling 125 canto ware related.

of which dividends totalling 135 cents were paid.

The trend of rising demand was sustained during the period, Impala added, and production is still being increased as planned. The company has also been active with forward purchases in the free markets in order to be sure of meeting notified future demand from its customers. customers. Impala suffered sharply bigher

interest charges during the six months, with a total of R8,05m against R3.73m, and capital year would have been sub-stantially higher both before and after tax than for the previous comparable period, the company said.

And capital expenditure jumped from R9m to over R30m.

The shares rose 1 to f112 in London iast night, in advance of the release of the figures.

## Rank expects further progress this year

THE CURRENT year should be one of further progress for the Rank Organization, says the chairman Sir Patrick Meaney.

So far trading performance bas continued to show improvement in the managed businesses, and increased profitability is anticipated from the associates.

"Your commany now has the "Your company now has the financial strength, sound organisation and an efficient and imaginative management team and we shall continue our drive for earnings growth," be tells shareholders.

**BOARD MEETINGS** 

The following companies have notited dates of board meetings to the Stock Exchange. Such meetings are usually hold for the purposes of considering dividends. Official indications are not available as to whether the dividends are interms or finals and the subdivisions shown below we besed mainly on lest year's timetable.

TODAY

Interims:—Addison Companyingsions Interims:—Addisen Comr.—Leations, Cope Aliman International, Eldera IXL, Kwahu, Michael Pops Partnership, Peachay Property, Throgmorton Sacured Growth Trust, Finals:—Burmetes, Ernest Jones

for earnings growth," be tells shareholders.

He warns, however, that it would be folly to be too optimistic about the future in this highly competitive world with continuing economic problems, high interest rates, volatile foreign exchange rates and growing protectionism.

"We intend to concentrate on increasing earnings by improving and expanding, where eppropriate, our leisure businesses in film and television services, bolidays and recreation, hotela and catering and our industrial operations in electro-optical and electronic equipment, and to sold to our activities as suitable opportunities are identified in Australia) and other assets have operations which were not producing satisfactory profits and returns on the resources invested in them.

Major divestment was the withdrawal from property investment activities grouped in within the film and television within the film and television within the film and television within the film and television.

He warns, however, that it would be folly to be too optimative worth Trust; finals:—Burmets. Ernast Jones Mactariane (Canseman) Apr 2 Mactariane (Canseman

Carpate International
Cowle (T.)
F and C Enterprise Trust
Foreign & Colonial Invest, Tet.
Hall Engineering
Investment Trust of Ouernaay
Jobsens Ordlung
Lex Service
Mactoriane (Cunsman)
Melaf Closures
Ratcilla (Oreat Endgs)
Svenaks Celluloss Aktieboleget
Ward Holdings
Woodhouse and Ruson

# ualcast

"31% increase in profits"

	1984	1983
* Turnover	£207m	£176m
* Pre-tax profit	£11.3m	£8.6m
		.*

The Group maintained progress in 1984. The Potterton and Qualcast consumer products companies again produced strong profit performances. Foundries returned to profit and an increased contribution was obtained from the Engineering activities.

GROUP PRODUCTS INCLUDE: Lawn Mowers, Cultivators, Kitchen Furniture, Ceramic Bathroom Ware; Potterton Central Heating Boilers, Energy Management Systems; Castings in Light Alloy & Iron; Precision Plastic Products, Engineering Products, Irrigation Equipment.

\* Dividend per share



Copies of the Report and Accounts will be available from the Secretary, BIRMID QUALCAST PLC, SMETHWICK, WARLEY, WEST MIDLANDS, B66 1EW.

#### Barrack pulls out of bid battle for Samantha

Australia's Barrack Mines proup is reported to have pulled by Barrack with 45.15 per cent, and the minority share-cent, and the minority share-bolders are Eastern with 38.5 per cent and Samantha with 19.1 per cent.

Eastern was encouraged to make its more on Samantha by group is reported to have pulled out of the battle to secure controi of the junior expioration company Samanthe Exploration after the rival bidder, Eastern Petroleum, claimed it now controls some 40 per cent of Samantha's shares. The Black Hill Minerals group, of which-Eastern Petroleum is a member, was known to hold just under 20 per cent of Samantha in advance of launching its bid late last month, and has been buying further sbares on the market since that time,

MNOUNCES

Midnays

to £0.252

make its move on Samantha by the refusal of Barrack to allot the group the three seats on the board of Horseshoes Lights Gold to which it is entitled under the articles of association, according to Dr Ron Wise, Eastern's chair-

Clearly, a majority stake in the operating company would strengthen Eastern's hand, since that time.

At stake in the battle, apart from some promising exploration acreage held by Samantha, is a majority interest in the profitable Horseshoe Lights gold mine in Western Australia. The operating company, Horseshoe is under the terms of the joint venture.

#### MINING NEWS IN BRIEF

Noranda, Canada's largest by spending C\$23m (£15.5m) on natural resources group, has, an exploration programme, and been granted an option on 4. a feasibility study. The first-stage, of the exploration programme, requires ...Minages; to stage, of the exploration programme; requires ...Minages; to stage, of the exploration programme; requires ...Minages; to stage, of the exploration programme; requires ...Minages; to spend £55m over the next four years, with about .C\$1m to be spent this year.

Aur Resources said that to be expanded from the present to be expanded from the present to be expanded from the present of 500,000 Aur Resources said that Noranda has made a firm commitment to spend C\$500,000 on the property by the end of April. At that point, a programme of further work will have to be approved by Brominco, and Noranda will then have a month to commit itself to spending an additional C\$5.8m.

\* \* \* to be expanded from the present to be expanded from the prese

Granges Exploration of Sweden pians to make a share exchange pians to make a share exchange offer for all the outstanding shares in the Canadian exploration compani Peces Resources. The terms of the offer are expected to be one Granges share for every two shares beld in Peces. The two companies have risk directors in renorman. have six directors in common.

Inco, the large Canadian nickel Inco, the large Canadian ficker prodeer, and Canadian Occidental Petroleum heve granted Minatco, a wholly-owned subsidiary of Total Compagnie Miniere of France, an option to earn a one-third interest in uranium leases held jointly by the two companies near Wollaton Lake in Saskatchewan.

Western Mining Corporation.

At the projected recovery grade of 7 grammes of gold per tonne, the expansion should boost gold production to over 100,000 ozs a

Emperor has also reported net profit of A\$547,000 for the six months to the end of Decem-ber 1984. The latest profit com-

pares with a ioss in the first half of the previous financial year of A\$322,000. Net profits of Benguet Cor-

Net profits of Benguet Cor-poration, one of the largest pro-ducers of copper and gold in the Philippines, for 1984 fell 52 per cent to Pesos 141.6m (£7.9m), after a loss of Pesos 12.8m in the fourth quarter, reports Leo Gonzaga in Manila. The main reasons for the decline were the noor performances of ston Lake in Saskatchewan.

Minacto can earn its interest two industrial subsidiaries.

#### COMPANY NEWS IN BRIEF

NEI Africa Holdings, South African subsidiary of Northern Engineering Industries, suffered a slight drop in turnover to R205m (R98m) in 1984 from R210m in 1983, Operating income before interest and tax increased to R32.5m from R27.2m.

Down-payments on long-term contracts contributed significantly to cash flow although the execution of the contracts, together with the high cost of imported components due to the rand's decline, is expected to affect the cash position. Future workloads of the manufacturing

workloads of the manufacturing subsidiaries is satisfactory. Earnings per share increased to 312.7 cents (310.6 cents) and the total dividend has been lifted

the total dividend has been lifted to 130 cents (115 cents).

\* \* \* \* \*

Consolidated earnings of Rothmans of Pall Mail Canada, a subsidiary of Rothmans International, feil from C\$41.33m (£28m) to C\$30.94m (£21m) in the nine montha to December 31, 1984. The figures, struck before bottle write-off less minorities of \$5.86m (nil), included a \$14.57m

(\$23.97m) share from Carling O'Keefe.

As a result of the Canadian brewing industry's move away from compact hottles Carling O'Keefe made a provision of \$11.7m net for bottle write-offs. Rothmans share of the provision amounted to \$5.86m to leave group available earnings at \$25.07m, or \$4.31 per common

share.
Rothmans Tobacco (Holdings),
which is under effective control
of Ruper Foundation SA, owns
99.9 per cent of Rothmans International ordinary shares.

Net asset value, adjusted for e one-for-one scrip issue in March stood at 139.5p at Tribune Invest-ment Trust at the end of 1984, compared with 115.6p at end-1983. A final dividend of 1.7p is pro-posed (adjusted 1.375p), making total dividends for the year of 2.25p (adjusted 1.875p). Net earnings emerged at 2.96;

(2.36p). After tax of £898,095 (£807,823) (£1.21m).

#### **BROWN GOLDIE**

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Management Buy-Outs

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Sear to September 30, 1984 For the twenty-first successive year Hanson Trust has reported record profits. For the year ending September 30, 1984 pre-tax profit had increased by 86% to £169.1m (£91.1m). Earnings per share, adjusted for scrips, were up 70% from 7.5p to 12.8p and dividends for the year are 3.33p(2.2p). Outstanding as these figures are, they include only seven months' contribution from London Brick and only five months' from US Industries Inc. This success is directly attributable to our philosophy of management for prosperity and our determination to invest in good basic industries in the UK and the USA. The spread of our investments has enabled us to withstand the fluctuations of world currencies and currently, over half of our 67,000 employees work for our American operations. Today Hanson Trust is among the top 20 UK quoted companies and Hanson Industries is among the largest 200 companies in the US. If you would like the complete picture of Hanson Trust's operations, why not write to Hanson Trust PLC, Freepost, London SW3 1BR (no stamp required) or telephone 01-589 7070. **Hanson Trust** Management for prosperity Hanson Trust puts together yet another successful year.

& CO. LIMITED

Write or telephone: Cameron Brown or Peter Goldie. Idie & Co. Limited, 16 St. Helen's Place, London EC3A 6BY.

## Whitbread in legal battle over two U.S. franchises

BY CARLA RAPOPORT

Whitbread, a leading brewer, confirmed yesterday that it is mvolved in a U.S. legal battle to defend the exclusive rights to two important franchises owned by Buckingbam, its new U.S. acquisition

acquisition.

Mr Stephen Karp, a former senior vice-president of Buckingham, intends to begin importing and distributing the wines of Baron Philippe de Rothschild and Finlandia Vodka in the U.S. next worth. next month.

next month.

These products, currently distributed exclusively by Buckingham, are understood to account for about a third of the U.S. group's sales. Whitbread declined to disclose Buckingham's total sales, but pre-tax profits last year were \$18.8m (£17m).

The company confirmed yes-terday that it had filed suit in a federal District Court in New York against Mr Karp, seeking to prevent him from importing or distributing the Rothschild wine and Finlandia Vodka.

The romplaint alleges that Karp is engaged in an "unlawful scheme to steal from Buckingful scheme to steal from Bucking-ham the valuable, long-standing distribution rights beld by Buckingham under contract, in flagrant disregard of his fiduciary duties to Buckingham."

Whitbread bought Buckingham for \$110m last October from Beatrice Companies. Bucking-ham's major importing franchise is Cutty Sark whisky, which is not involved in the current dispute.

## J. Howard lifts stake in rig-builder to 50% by andrew fisher

JOHN HOWARD, the UK civil The latter has its own offshore JOHN HOWARD, the UK civil engioeering company in which shares were floated on the over-the-counter market last November, has paid £4m for a further 25 per cent of the Howard Doris offshore simphilities. offshore rig-building roncero.

Howard Doris has a yard at Kishorn in north-west Scotland. It was involved in last year's negotiations to buy the loss-making Scott Lithgow yard on the Clyde, but pulled out in April leaving Trafalgar House as sole every

interests and Fairclough said the sale was decided because this was incompatible with the

was incompatible with the Howard Doris holding.

John Howard said it had increased its stake because it saw the offshore market as being in a very buoyant state. The company said it had no immedi-ate plans to raise its sharebold-

negotiations to buy the lossmaking Scott Llthgow yard on
the Clyde, but pulled out in
April leaving Trafalgar House as
sole owner.

The purchase brings Howard's
stake up to 50 per cent, equal
to that of the French partner,
C. C. Doris, Howard bought the
sbares from Fairclough Construction, part of Amec.

Amec was formed from the
merger some two years ago of
Fairclough with William Press.

ate plans to raise its shareholding beyond 50 per cent,
Howard Doris currently
employs around 600 people, its
latest contract — the first for 18
months when announced last
August — being worth £12m to
modify the Buchan Field floating
oil production system.

The rig builder said late last
year that it was planning to set
up a new yard on the east coest
of the UK. Yesterday, it said
this bad still not been decided
on.

#### COMPANY NEWS IN BRIEF

Following net profits of £39,155 Treasury Bill interest £48,091 against £13,466 on disposal of (£8,443).

investment property at PalmerAfter interest paid £42,322 investment property at Palmer-ston investment Trust, profits after tax rose from £32,639 to £46,121 for the six months to the end of September 1984. The number of sales equalled those for the romparable period say the ditectors, but produced a larger net surplus. They antici-pate a satisfactory profit for the full year.

full year.

Pre-tax profits fell from £20,247 Pre-tax profits fell from £20,247
to £9.951 and was subject to
tax of £2,985 (£6.074).
The interim dividend has been
held at 1p—in the last full year
a final of 2.5p was also paid.

At December 31 1984 net asset

At December 31 1983 net asset value of the Lancashire and London Investment Trust had improved from 151.2p to 169.9p per share. Net inrome for the year came out at £130.217, against £116,645, and the dividend is lifted from 2.875p to 3.125p.

Total income was £385,753 (£212,483) comprising franked £204,354 (£171,880), unfranked £110,808 (£16,446), dividend from subsidiary £22,500 (£15,714) and period in 1984.

NOTICE OF REDEMPTION

To the Holders of

Government of New Zealand

Twenty Year 61/2 % Bonds due March 15, 1986

BONDS OF U.S. \$1,000 EACH .

FULLY REGISTERED BONDS WITHOUT COUPONS

On March 15, 1985, the Bonds, or portions thereof, designated above will become due and

On March 15, 1985, the Bonds, or portions thereof, designated above will become the and psyable at the principal amount thereof in such coin or currency of the United States of America as is legal teoder for the payment therein of public and private debta, and will be paid opon surrender thereof at the corporate trust office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10015, or at the option of the bearer or registered holder but subject to any laws and regulations applicable thereto in the country of any of tho following offices, at the offices of Morgan Guaranty Trust Company of New York in Antwerp, Brussels, Frankfurt, Londoo or Paris, or at the office of Baring Brothers & Co., Limited in London, Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the poyee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS1 and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fall to provide the paying sgent with an executed IRS Form W-9, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury that the payee is not a United Stat

presenting your securities for payment.

Coupon Bonds surrendered for redemption should have attached all unmatured coupons apputtenant thereto. Coupons due March 15, 1985 should be detached and collected in the

#### ICC Oil pays £0.7m for coatings specialist

ICC Oit Services, rig painter and industrial cleaning rontrac-tor, has acquired Port Painters, a Cardiff-based specialist coatings group, for a maximum £710,000. The purchase is being paid for with the Issue of 2m ICC shares at 20p, and an additional 250,000 conditional oo Fort Painters achieving pre-tax profits of at least £200,000 in the year ending next month. Together the allot-ments represent 4.12 per cent of

its expanded capital. A further £260,000 worth of shares will be issued at pre-vailing market rates, if earnings for the following year reach £275.000.

The price rompares with a net asset valua of £333,077 for Port Painters at October last year, of which £218,000 comprised tangible fixed assets.

Mr Kenneth Matthews and Mr Handel Matthews, its joint owners, are to stay on, and have pladged to retain their shares for at least a yaar.

Port Painters does most of its work for the nuclear and ronventional power and petrochemical industries, and specialises in controlling rorrosion. ICC said the acquisition provided a geographical extension to its existing interests in this field, and created opportunities for other ICC companies.

ICC shares, traded on the Unlisted Securities Market, added listed Securitles Market, added 11p yesterday to 191p.

#### Management buy-out for **UEI** offshoot

UEI bas disposed of its wholly owned subsidiary. Dunsley Heating Appliance, which is engaged in the design and manufacture of open-fire central heating

The purchasers are members of the Broadbent family who started the business in 1952 and who have been actively engaged in its day-to-day management since that time. UEI acquired Dunsley in 1973, since when it has performed "consistently including exceptional debits for January 31 1984 were £677,000 and net tangble assets at that date were £807,000.

The initial consideration is the strong of the Broadbent family who started the business in 1952 and who have been actively engaged in its day-to-day management since that time. UEI acquired Dunsley in 1973, since when it has performed "consistently well," Pre-tax profits for the year to January 31 1984 were £677,000 and net tangble assets at that date were £807,000.

The initial consideration is

The initial consideration is £1.95m payable in cash. In addicurrent 60.25m will be paid on a time scale dependent on the profit-of Dunsley thereafter.

"The sale of Dunsley will release management and re-sources for the high technology activities where its companies have special expertise, and when the opportunity for growth i-clearly perceived," says Mr David Moulds, chairman of UEL

# with £6m purchase HAMBROS, the UK merchant consideration is 14m Hambros banking group, is re-entering limited voting ordinary shares, direct investment in UK real worth £2.8m, and approximately estate with the acquisition of 75 per cent of the Sida Holdings group, a private property investment and development company. It expects to make further property acquisitions — possibly oy boying other companies. HAMBROS, the UK merchant consideration is 14m Hambros shares, limited voting ordinary shares, worth £2.8m, and approximately £4.1m in cash. Small as it is, the deal marks another significant step in the losses on shipping loans and oll and gas exploration which marked tha late 1970s and early 1980s.

to real estate

Sida, formed in 1959 in associa-

Sida, formed in 1959 in association with Cuardian Royal Exchange Assurance, has an investment portfolio valued in the region of 17m. almost entirely freebold and consisting of approximately 62 per cent shops, 36 per cent offices and 2 per cent industrial, all located in London and the South East of England.

Hambros will acquire a 74 per cent bolding from the outgoing sbareholders together with 1 per cent from CRE which will ratain the remaining 25 per cent. Tha

1980s.

In 1982 Hambros sold its last major property investment, 43 per cent of Berkeley Hambro Property, to Town and City Properties which subsequently became Sterling Cuarantee Trust. Mr David Baller, then joint managing director of Berkelay Hambro, and currently Hambros' property consultant, will become managing director of Sida. of Sida.

Ha said yesterday: "We think that a group of our size ought to have a significant investment in property.

#### **Promotions House £1.3m** offer for Bonusbond

Prometions House, a USM on the day, quoted company that specialises Promotions owns no shares in in consumer promotions, yester-day launched a £1.3m all-paper takeover bid for Bonusbond Holdings, which devises employee incentive schemes and other promotions for large companies.

companies.

Mr John Mulford, a director of Bonusbond, which has a full stock market quotation, said that the offer would need to be studied very closely but tha rompany's immediate reaction was relatively favourable, in view of the potential operational benefits of a merger.

The Boards of the two rompanies will be meeting shortly to discuss the possibility

of Bonusbond recommending the offer.

Promotions is offering one of its ordinary shares for each Bonusbond ordinary and one

Promotions owns no shares in Bonusbond but has received an irrevocable nndertaking to accept its offer from Aries Investment Trust and its nominee, who bold 29.22 per cent of the Bonusbond issued share capital. If its offer is not declared unconditional Promotions. declared unconditional, Promo-tions will acquire the Aries shareholding for the ronsideration as it would have received under the offer. received under the offer.

As a result of this deal, Bonusbond has agreed that three Promotions executives will join its board on or before February 27. They are Mr A. Taylor, managing director of Promotions, Mr M. Henriques, an executive director of Travelcash Promotions, Rs main operating subsidiary, and the Pearl, a non-executive director of Promotions. Household ordinary and one of promotions.

ordinary for each Bonusbond On the logic of a deal, Mr deferred share. Promotions Mulford said the two companiets House shares closed last night dealt with the same clients, unchanged at 28p, while Bonusbond closed at 23p, up Sp of marketing.

#### BIDS AND DEALS IN BRIEF

Angle-American Securities
Corporation saw its net revenue fall from £4.53m to £4.93m in the 50 weeks to end-December 1984. The previous figure is for the year to January 15, 1884.

An increased flow of 1884.

An increased flow of 1884.

An increased flows of 1884.

An increase Shares and rights over shares

Further acceptances of BAT Industries offer for Hambro Life bave been received in respect of 2,225,558 shares, representing

bined in a joint vecture to invest

systems in defence and medical

bave been received in respect of 2,225,558 shares, representing 1:34 per cent.

BAT now owns or has received acceptances in respect of 118.68m shares, representing 98.25 per cent.

Elections for loan stock amounted to £3.15m. All elections in the Far East, selling paper, stationary and paper making machinery. The receiver, Mr. Guy Parsons of Peat Marwick, said the company would carry will be satisfied in full.

\* \* \* \*

Electra Investment Trust and Pilklagton Brothars bave com-

## Hambros comes back £16m for M. L. Engineering

M. I. ENGINEERING'S Plymouth subsidiary has won a figure contract to design, supply and supervise installation of signalling systems north of Athens. MI has also won two contracts in Australia for work in the Adelaida suburban area worth £6.6m and a project in Queensland worth £1.7m. A £1m. project in the Amazon jungle on the Carajas Mineral Railway is also being undertaken by the

NEWMAN ELECTRIC MOTORS, Bristol, has been awarded a full three-year contract by ICI for the supply of motors in the range 0.5 to 200 kW. Over a three-year period, ICI anticipats that the total value of orders for electric motors under this contract will be about 22m which will be competed for by Newman and one other nominated British supplier.

BOVIS CONSTRUCTION has started work on the new film Roding Hospital in Redbridge close by the Mtl and Eastern Avenue. Designed as a low level structure the 70-bed building will have an advanced patient handling system and two major operating theatres with air ventilation systems — one with ultra-fine bacteriological filtration for orthopaedic procedures.

instant recall on relevant data.

The system which has the approval of the trade unions is capable of handling many thousands of transactions during a 24-hour cycle.

First Castle Electronics' sub-

WIMPEY CONSTRUCTION UK has been awarded a f1.29m ron-tract by the London Borough of Bromley for alterations and improvements to Ramsden School

improvements to Ramsden School for girls in Orpington. The existing structure is to be demolished and a one/two storey, steel-framed building with aluminium-clad roofs erected on existing piled foundation. Greater Nottingham Co-operative Society has placed a £650,000 contract for an L800 sq m single-storey cold store green-grocery warehouse. It will be built in Meadow Lane, Nottingham, between now and July 1985.

MERSEYSIDE TRANSPORT claims to be the country's first public transport undertaking to instal an engineering management system. It recently signed a contract for almost film with Sperry in a move which will revolutionise engineering procedures for vehicle repair and maintenance in all five Merseyside Transport divisions and its central works. The computerised system will boost the efficiency of the 1,200-strong fleet as Sperry video terminals replace time-consuming paperwork to give an instant recall on relevant data.

sidiary, CENTRONIC, has won an order worth film from The Ministry of Defence for SAWES (small arms weapon effect simulator). This was the first contract placed under The Ministry's new open tender policy. The equip-ment is used for weapon handl-ing, field craft and tactical

ARNOLD & NATHAN. East £984,000; environmental improve-Peckham has won the following meets to 80 homes at Norton

contracts: design and roustruct a depot for Seeboard at Polegate, Sussex (£1.01m); High Street modernisation of homes at High relief road for London Borough of Bromley at Bromley fc811.000); and creation of arcada on pedestrian link bridge at Waterloo East for British, Rail, Sonthern Region (£521.750).

\*\*Canes for Cannock Chase District Council worth £300,000; and modernisation of homes at High Park Estate, Wollaston, Stourbridge for Dudley Metropolitan Borough Council worth £1.1m.

\*\*Construction\*\*

\*\*Canes for Cannock Chase District Council worth £300,000; and modernisation of homes at High Browley for Dudley Metropolitan Construction Company Council worth £1.1m.

Borough Council worth £1.1m

UNIT CONSTRUCTION COMPANY has work for the Property
Services Agency for the construction of an IRO Computer Centre
at Bootle, Merseysida (£4.8m),
construction of £5Mi Unit.
Mossley Hill Hospital, Liverpool,
for Merseyside Regional Health
Anthority (£1.5m), construction
of sheltered housing and
wardens accommodation at
Windsor Road, Bootle, Merseyside, for Marseyside Improved
Houses (£863.000); and refurbishment of radiography unit.
Royal Liverpool Hospital, for
Liverpool Area Health Authority
(£108.000).

WILLIAM TAWSE, part of Aberdeen Construction Group, has won a contract for the Phase
I improvement to the A944
Aberdeen-Alford Road. The contact, valued at just over fine,
has been awarded by Grampian
Regional Council. The work will
take about 30 weeks to complete. iDC, Stratford-upon-Avon has a contract worth about £6m from Black and Decker for a 126,000 sq ft automated national distribution centre to be built on a 29.4 acre site at the Brackmills applications of the strategies of the Brackmills applications are a large strategies.

29.4 acre site at the Brackmills employment area, Northampton. The building will rontain 68.000 sq ft of high bay storage with clear bright of 70 ft and 38.000 sq ft of marshalling and storage areas. The advanced comouterised storage and retrieval system will be supplied by Dexion as main sub-contractor. It will handle 29.000 pullets for thring over 1.000 product lines: SHAND has been awarded a contract by the Government of Gibiraltar for construction of a causeway at Waterport Basin. The project will replace a steel and cast iron viaduct with a rock and sind filled causeway with rock armour. The contract is due for completion in April 1986 and is valued at about £1.75m.

A filbm refurbishment contract in the centre of Cambridge has been awarded by Habitat Design to RATTEE AND RENT. Cambridge, part of the Mowlem group, to convert a five-storey building to form a new store for Habitat and construction of a two-storey building which will be divided into three shop units. The site is next to The Grafton Centre. Completion is due by The site is next to The Gratton Centre. Completion is due by September. At Newmarket, the company is undertaking further work for Darley Stud Management and has started work on a foaling unit valued at 1920,000. The work comprises 24 foaling boxes, two exercise yards and two sitting up rooms. Rattee and Kett has started work for Smech Properties at Valleywood Place near Chobbam in Surrey. The 1650,000 contract is to restore an near Chobbam in Surrey. The f650,000 contract is to restore an old manor house and includes high-class joinery with extensive panelling. Work is one for completion in early summer. The company also has various stonework, and joinery contracts totalling £289,000.

#### APPOINTMENTS

Mr Sober appointed a partner of Stoy Hayward in 1958, and has been a member of its management committee since its incaption. He is a member of the Executiva Council of Horwath and Horwath Council of Horwain and Horwain International a world-wide organisation of affiliated independent accounting and management ronsulting firms of which Stoy Hayward are the UK representatives. Ha is also the international liaison partner.

AB ELECTRONIC PRODUCTS GROUP bas appointed Mr Peter
J. Phillips, a director, as nonexecutive deputy chairman. He
is a director of various companies

dists past chairman of CBI Wales. Mr Raymond, Cary, who joined the board in 1977, will continue to hold the senior posttran of monececutive vice chain.

storing over 1,000 product lines: The adjacent area will store over

3,000 different accessory parts for selection with carton packing and sealing lines Completion is scheduled for May 1986.

The Leeds-based GILLINSON PARTNERSHIP has been appointed by Rhuddland Borough Council to redestyn the Royal Lido at Prestatyn. The rontract—valued at film—will commence this autumn for completion in summer 1986. The Royal Lido, built during the 1930s, is currently an open air swimming pool. Gillonsons will revamp the site, creating a covered 25 metre.

site. creating a covered 25 metre-pool, a nursery and splasb pool, slides and a stant flume. Adjacent to this will be bars, a restaurant.

ballroom, disco, barbecue and banqueting suite.

MILLARD CONTRACTORS, Tip-ton, has started on the following

construction contracts; garages and rovered trailer area for the TAVRA West Midlands at Co-hridge. Stoke-on-Trent worth £984,000; environmental improve-

appointed as senior vice president of BANK JULIUS BAER AND CO, to succeed Mr Farnand T. Rock, manager of the London-brasch, when he returns to Switzerland later this year.

Mr J. E. J. Baggs, general manager of MIDLAND ASSUR-ANCE, bas been appointed to its board. Mr J. T. Heaton, general manager of Eagle Star Group Engineering Company, has been appointed to the boards of both Midland Assurance and Eagle Star Group Engineering Company.

Mr Malcolm McLeod, finance

director of Wincanton Group, bas become a member of the advisory board of THE DOUGLAS LLAMBIAS GROUP with special emphasis on the development of The Busicess Expansion and Exchange Group.

Mr. Tony Somer has been elected to the board of the Glasgow-based electrical distri-butor and wholesaler MICHAEL BLACK, taken over last year by Emess Lighting. He is New-Emess Lighting. He is New castle branch manager of Michael

Mr D. H. Kelth Rugg has been appointed international marketing manager, airospace and defence for BRITHSH ALCAN ALUMINUM. He will have special responsibilities for marketing the new range of aluminium-lithium aerospace materials. He was marketing services manager.

SAUTER AUTOMATION bas appointed Mr W. G. Andrews as chairman. Mr E. Fehr joins tha board as a director.

#### NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Bonds of the above described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has drawn by lot for redemption on March 15, 1985 at 100% of the principal amount thereof through operation of the Sinking Fund, \$789,000 principal amount of said Twenty Year 6 16 Bonds due March 15, 1986 bearing the following distinctive numbers: **Financial Times**

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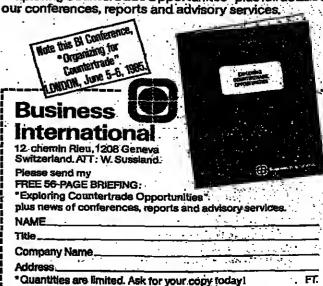
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February 11, 1985

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#### Notice of Redemption

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The Debentures specified above are to be redeemed for the Sinking Fund (a) at Chiback, N.A. (formedy First National Cay Baok), Trustee under the Indenture referred to above, No. 111
Wall Street, in the Borough of Manhattan, the City of New York, or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in Amsterdam, Brussels, Frankfurt/Main, London (Citibank House), Milan, Paris, and Citicorp Bank (Luxembourg) S.A. and Kredierbank S.A., Luxembourgeoise in Luxembourg. Payments at the offices referred to in (b) above will be made by a United States dollar check drawn on a bank in New York City or by a transfer to a United States dollar account maintained by the payee with a bank in New York City, on March 1, 1985, the date on which they shall become due and payable, at the redemption price of 100 percent of the principal amount thereof, together with accrued interest to the date fixed for redemption. On and after the redemption date, interest on the said Debentures will cease to accrue. Upon presentation and surrender of such Debentures with all unmatured coupons, payment of principal will be made out of funds to be deposited with the Trustee.

The amount of any missing unmatured coupons will be deducted from the sum due for payment. Coupons due March 1, 1985 should be presented for payment in the usual manner.

#### Notice of Redemption

#### Utah International Finance Corp. 8% Guaranteed Sinking Fund Debentures Due March 15, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of March 15, 1972 under which the above described Debeniures were issued, Ciribank, N.A. (formerly First National City Bank), as Trustee, has drawn for redemption on March 15, 1985 (the redemption date), through the operation of the Sinking Fund provided for in said Indenture, \$323,000 principal amount of Debentures of the said issue, bearing the following distinctive numbers:

		COL	JPON I	EBENT	URES	of \$1,60	o Prin	CIPAL .	AMOUN	a our	STAND	ING			
M479	9790	11237	11825	13505	13940	14568	14962	15431	15906	16394	17479	18072	19186	19688	•
			11440	19610	100/1	14585	14483	15444	15935	104354	1 115-256	100/4	19104	12/12	4
	-0-00	4444	190.49	19894	7.4771	145334	1.4164	1000	1000	IDDED	17000	IDIID	10506	TRACTI	
1794	10580	11415	IZUIZ	10024	14150	14673	15000	15695	16078	16530	17770	18120	39306	19805	2
1863	11097	11452	12002	19091	14109	14013	15150	12500	18000	THESE	17793	18740	10330	79811	
2001	11108	11454	12515	13632	TATOU	14703	19199	10000	14100	10500	17700	12000	10048	1005	i
2025	11111	11503	12606	13644	14186	14742	19119	10010	10100	10000	17740	10035	10950	10005	
2108	11133	11512	12612	13654	14231	14757	15188	10020	18114	T00 (-)	11142	10000	10000	12000	
															,
7455	11296	11803	13454	TOANS	14499	14925	15040	15070	14360	17459	18048	19114	19680		
9772	11304	11816	13484	12811	14498	14920	10010	10010	10002	17470	10006	10145	10892		•
-9780	11306	11818	1349D	13933	14559	14308	10472	19019	10000	11410	TOUR	10210	20000	-	

The Debentures specified above are to be redeemed for the said Sinking Fund at the Receive and Deliver Department of Citibank, N.A., Trustee, 111 Wall Street—5th Floor, New York, New York 10043, and the main offices of Citibank, N.A. in Amsterdam, Frankfurt/Main, London (Citibank House), Milan, Paris, Brussels, or Banque de Paris et des Pays-Bas in Paris, or Banque de Paris et des Pays-Bas in Paris, or Banque de Paris et des Pays-Bas pour le Grand Duché de Luxembourg in Luxembourg, as the Company's paying agents, and will become due and payable on March 15, 1985 at the redemption price of 100 percent of the principal amount thereof plus accrued interest on said principal amount to such date. On and after such date, interest on the said Debentures will cease to accrue.

accrued interest on said principal amount to such date. On and after such date, interest on the said Debentures will cease to accrue.

The said Debentures should be presented and surrendered at the offices set forth in the preceding paragraph on the said date with all interest coupons maturing subsequent to the redemption date. Coupons due March 15, 1985 should be detached and presented for payment in the usual manner.

For UTAH INTERNATIONAL FINANCE CORP. By CITIBANK, N.A., Trustee

February 11, 1985

#### **UK COMPANY NEWS**

## Granada has plenty of growth opportunities

THERE ARE no shortages of acquisition of Rediffusion's opportunities for the Granada rental business for £120m satisfication to grow, says the chair-field by the issue of 782m shares. The integration of the business annual report for the year to with Granada's will be substantiseptember 29 1984, the company will form ally completed by September, pany's fiftieth anniversary. "We look to the future with keen anticipation," he tells share—anticipation," he tells share—anticipation of the business for £120m satisfies the business with Granada's will be substantised in terms of profit business in terms of profit business and the benefits in terms of profit business with Granada's will be substantised in £52.75m. The dividend is 6.40 net (5.8p).

Mr. David Plowright, a director, occupies a house owned by

Mr Bernstein says the initial decision not to invest in early cable franchise was a wise one, but the position could be reconsidered if conditions are thought to be right. For the present satellite broadcasting looks a more growing venture "albeit

participate in the DBS consor-fium and the could have great potential. Here again, investment

potential. Here again, investment will only be made if "we can see it as a viable industry and an extension of our existing television and rental opportunities."

Turning his attention to the financing of broadcasting, the chairman says to permit advertising on the BBC may seem an expedient method of supplementing its revenues and of lessening the impact of a regressive tax. "But the fundamental principles underlying the financing of a regressive tax "But the fundamental principles underlying the financing of a successful broadcasting system remain the same and the viewing public will be badly served by any departure from them."

Overseas rental husiness had an excellent year with profits rising by 68 per cent, following training by 68 per cent, following training by 68 per cent, following the financia to the prosent to occur in the previous year. Although that rate of growth cannot be expected to continue, the results show that the investment and faith in overseas rental husiness had an excellent year with profits an excellent year with profits an excellent year with profits are excellent year with profits an excellent year with profits and excellent year with profits and excellent year with profits and excellent year with profits an excellent year with profits and excellent year with profits and excellent year

A minor setback was the holiday business, which suffered a flay business, which suffered a loss resulting from intense comprogramming, with the production of The Jewel in the Crown winning world-wide acclaim. But and time to this operation, it formada's ability to produce such programmes "may be limited if changes in the present system of financing hrosdeasting presently being advocated were but tight control has enabled to come about."

The year was one of substantial progress, says Mr Bernstein, effective management, control has enabled the first colour transmission, was opened in 1961, and the first motorway service area and bowling alley in 1965. In 1968 the ITV regions were realigned and Granada got the West, and the following year saw but tight control has enabled the first colour transmission, was services enjoyed an excellent year with profits up 48 per cent.

The merged company will have around 650 outlets under will remain the core of the business. New technology leads to many opportunities, including satellite broadcasting (a very substimitial one), cellular radio and the microcomputer business.

Mr Bernstein says the initial of the companies are being selected for retention and they will be complemented by a single, stream-line support organisation.

Mr. Bernstein says the decision.

Mr Bernstein says the initial decision not to invest in early cable franchise was a wise one, but the position could be reconsidered if conditions are thought to be right. For the present satellite broadcasting looks a more promising venture, "albeit with high risks."

The group has been invited to participate in the DBS consortium and the could have great

Overseus rental business had

day business, which suffered a programme started loss resulting from intense competition. As it was thought was opened in 1981.

group turnover moved up from fixim to £534.2m and the profit before tax from £43.46m to £53.75m. The dividend is 6.49 net (5.89).

net (5.8p).

Mr David Plowright, a director, occupies a house owned by Granada Television to help him better perform his duties, and be contributes to the outgoings. He has the option to purchase the house at the cost price to Granada Television — £81,000 — any time during his employment or within six months thereafter. At September the house had an open market valoe professionally estimated at £150,000 (previous

year end £135,000). The business dates back to the early 1900s when the Bernstein family ventured into show business with the opening of the Edmonton Empire music-hall Throughout the 1920s a chain of cinemes was built up and in 1934 cinemat was built up and in 1934 Granada Theatres was formed to bring the existing interests under one name. It came on to the Smek Exchange the following year. In the period 1936-38 a new Granada cinema was being opened every three months.

estimated at £150,000 (previous

After the war, Granada moved on to television and, with the creation of the independent network in 1954, gained the contract for the whole of the North of England. It signed its first advertising contract a year later, and in May 1956 transmitted its first television programme. In 1960 the Coronation Street innovance started

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Prepayment date 28th March 1985

In accordance with the provisions of the Certificates, notice is bereby given that The Long-Term Credit Bank of Japan, Ltd. ("The Bank") will prepay the principal amount on the pext Interest Payment Date, 28th March 1985, together with the interest accrued to that date.

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## **Implications of** the threat to America's SBA

BY STEWART FLEMING AND WILLIAM DAWKINS

Reagan is proposing that all of the SBA's lending programmes should be phased out beginning in 1986, while many

The SBA's future, however, will not simply be decided on the merits of the case for eliminating it or letting it live. Its

future is bound up in the wider debale over the yawning U.S.

budger deficit.

If Congress and Reagan can

agree a compromise on cutting the deficit, then the SBA is more

likely to be axed. But if the President's budget cutting pack-

age makes no headway, the SBA

may well be reprieved—at least

In one sense, it is surprising that the President and bis

administration — wilh their heavy ideological commitment

to the virtues of the free mar-ket — have not rattled their

sabres at an interventionist body

like the SBA before. It is not

difficult to make out a case against allowing it to continua

budget funds a year and issue some \$3.5bn of federal loan

guarantees to small business.

In a background paper on the

Administration's budget cuts for example, the Office of Manage-

ment and Budget (OMB) points

credit to only 21,500 of the 14.5

It points out that car dealer-ships, restaurants, bars, doctors

and dentists have been the

largest reciplents of SBA loan guarantees so far this decade—

a revelation which does nothing

to help the SBA's image as a

contributor to commercial inno-

vation and technological deve-

The OMB points out that 77

Free market

spend \$1.6bn of federal

THE IMPLICATIONS of Presi- small business compete with big dent Ronald Reagan's proposal business. in his recent budget message to phase out the U.S. Small Business Administration are just beginning to be digested

Reagan's recommendation is just the first phase of what may well turn out to be a protracted well turn out to be a protracted velopment within the Com-Congressional battle over the future of an agency with some \$15bn (£13.8bn) of loans outstanding and a potentially influential constituency of interest groups to call on for support.

The SBA's future, will not simply be the merits of the case making it or letting I future is bound up in future is bound up in the support.

The SBA, which has achieved a high profile both in the U.S. and abroad during its 30 years' existence is a source of soft loans, subsidies and advice. But its most important role is as a national advocate of the small businessman's cause in Government—a function which may now be taken over by the

Commerce Department.
The proposal comes as a political blow to small business lobhyists in Europe who have been arguing for the establishment of SBA-type bodies in their own countries. Belgium already runs a similar system. the European Commission is floating the idea of an EECwide organisation to represent small and medium sized enterprises, and a number of groups, like the Union of Independent

Companies, have been pushing for an agency in the UK. There is also an ironic message for the European governments which have modelled their small business policies on the SBA's experience. The UK's Loan Guarantee Scheme, for out that in 1983 the SBA gave example, was at icasi paranteed small businesses in the credits which the SBA has been and aided less than 2 per cent of the 600,000 new businesses of the 600,000 new businesses. who are attempting to assist small companies in Europe will be little helped by the fact that the largest economy in the world is thinking of closing its own small business agency, "It's a disappointment," says Murray Chariton, small business adviser to the Conservatire central office in London. "While some people think that the SBA Is a very hureaucratic organisation, it has at least kept the big per cent of the SBA's loan sub-budget battalions at bay and helped sidies in 1983 went to repeat House.

agency is only propping up mar-ginal businesses. Just how marginal was underlined by the loan guarantees between 1979-1981 and the \$4bn of defaults between 1972 and 1984.

between 1972 and 1984.

The fact that the SBA bas evolved into a nationwide bureaucracy with 3,900 employees, spending \$220m a year on salaries and that it has become what some observers see as a congressional "petty cash" operation which allows congressmen to channel govern-ment funds to their districts has also made the SBA a sitting duck for Reagan Administration officials and supporters. They see in Washington far too

They see in Washington far too many bloated bureaucracies serving special interests and their own self interest.

Even officials within the SBA concede that not all of these criticisms are off the mark. The SBA has become overweight, there are pro-grammes such as the \$250m a year direct subsidised lending scheme which may not be justi-fiable.

maintain that the agency is do-ing an economically useful and essential job by belping the em-ployment-creating small business sector, by encouraging small businesses to compete effectively for government procure-ment contracts with the well established industrial giants, by supporting minority businesses and by acting as an advocate

for small business in Washing-ton's policy debates. The Administration has recognised at least the political force of some of these arguments by proposing to retain some of the SBA's functions, like advocacy, within the Com-merce Department. It also says that minority small businesses will continue to receive "contractual financial and manager lal assistance " and that " volun-teer retired and active executives will continue to provide management assistance for small business managers and

owners."
These promises give SBA supporters little comfort. They fear that the small business Commerce Department bureau-cracy and that they are being offered a staging post on the route to ultimate oblivion.

How this will be resolved is impossible to predict with any confidence. It is reasonable to assume, however, that if the SBA survives it will only be as an organisation which is re-formed and slimmed down, and one which does not make so tempting a target either to the free market ideologies or the budget cutters at the White

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#### When preparation and opportunity converge

survive, which is all most can hope for at present. Moshe Gerstenhaber, a lead-ing member of the British

franchising Association, says that one reason why the failure rate in franchising is as low as 2 per cent is that re-

rise in interest rates. But other potential "bad" inch, such as the insolvency of a large debtor, should be minimisable by, in this case, good credit control.

What hanks and backers

want are people in small

business who calculate risks carefully and who do not over-extend their managerial or financial capabilities. Competence, not luck, is their

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The HOW TO of...

MANAGING YOUR LUCK

MANY PEOPLE think that MANY PEOPLE think that tack is a key factor in business. They attribute others' success to "good" inck and their own under-achievement to the "bad" variety.

Self-effacing people sometimes bolster this view by ascribing their own success to lack. But analyse what they

luck. But analyse what they did and it soon becomes clear bow well prepared they were to take their chances. Indeed, what people call "good inck" is usually what bappens when a prepared person is con-

fronted by opportunity.

"Bad" luck is the opposite; opportunities are missed or calamities become unavoidable because people fail to put themselves in a position to do anything about them in what time they have available. If chance has anything to do with it, it is because of attributes acquired through aceldent of birth or upbringing—such as optimism, deter-mination, stickability, and confidence. People who start in small business without those qualities usually fail.

But even people with them do not always succeed. Often realise that bopeful wholebeartedness is not enough. What counts is being as much as possible in charge of events, rather than their being io charge of you.

In practice this means running your business on the

bases of analysis, planning, preparation, evaluation and thought-out action. All these things demand a discipline that is anothema to many "born entrepreneurs" who born entrepreneurs find themselves in small husi-

This is reflected in the way the Government, banks and accountancy profession are constantly trying, separately and together, to help small business people profes-sionalise their management. The bopes are, first, that numbers of failures will be redoced and, second, that more small businesses will prosper rather than merely

AROUND THE WORLD

Paillien Sharp Musgrave 179 511 ---

BSM BOTO

Enterprise agencies

## Taking their own medicine

BRITAIN'S enterprise agencies bave been so preoccupied with helping to organise small busi-nesses that they have neglected nesses that they have neglected to monitor themselves. As a result, they may be unaware of the financial problems that will affect them in the next few years and will need to question how their role should develop in regenerating the economy. This is the implication of a four-year strategic plan drawn up by John Rosthorn for Macclesfield Business Ventures, the agency where he has been a founder-director on secondment from ICI since 1982. His

jow as 2 per cent is that re-putable franchisors vet poten-tial franchisees not only for their "natural" small busi-ness attributes—and particu-larly stickability—but also for their willingness and capacity to learn professional manag-erial skills and techniques. Without them, the small business person really does rely on "being lucky" to survive, boping that an order will turn up in time to pay next month's taxes or last ment from ICI since 1982. His plan makes uncomfortable quarter's impatient creditors.

reading.

Mike Garrod of Business in the Community (BIC), the national charity funded by the private sector which has encouraged the mushrooming of enterprise agencies all over Fast reaction is not enough.
The oposite approach is the "proactive" one where people manage their working weeks to leave time for thought, keep management accounts and constantly monitors medically monitors. Britain, believes that the other 233 groups should follow Macclesfield's lead urgently. tor profitability. They also budget ahead realistically, Apart from encouraging what he calls "individual vision," with enough conservatism on sales and costs to have both Garrod says that strategic planning would concentrate agency directors' minds on the central issues of fund-raising achievable goals and financial elbow room for those unexpected contingencies that the less well organised call "bad and future financial needs.

The agencies' principal activity is small business coun-The business that is run along these lines rarely encounters real crises because the person in charge sees selling; they represent a cornerstone of government cornerstone of government policy to generate new lobs them coming from a long way off and manoeuvres accordthrough people starting up on their own. Most agencies rely ingly. Similarly, when oppor authorities tunities beckon, rational decisions can be made as to SDODSOTS corporate whether to selze them or not.
Of course, there will always
be some things you can do
little about, such as a sudden resources.

They provide a national netpractically nothing, though it does allow the private sector to offset contributions to agencies against tax.
The enterprise agencies

for

breakneck growth — from a handful in 1851 to 234 now and a projected 300 by the middle of next year — is one response to the political and social present the politic sures of unemployment. whether they are to be a per-manent feature of British industrial development is less clear. The main imponderable, according to Roethorn, is who is going to be responsible for their long-term funding and bow the agencies could address their markets more effectively. So far all the agencies have been so busy coping with a nationwide clamour for small

ment have hardly surfaced. The ford.

fact that many are managed or staffed by secondees from banking or accountancy, each serv- start-ups or urgent rescue working relatively short terms as The failure rate in small busipart of their personal manage-ment development, has militated against agency managers taking a longer view.

Rosthorn may well spark off a more widespread recognition

zmong enterprise agencies of the importance of strategic planning along corporate lines. Given his background it was probably lnevitable that he would start asking awkward

At 45, he is in mid-career and his last job with ICI was as marketing manager of the pharmaceuticals division. Before that he was managing director



John, Rosthorn: awkward question of TVL (UK), a small ICI subsidiary which imports sheep and dog vaccines from New Zealand and markets them throughout They provide a national net Europe. His initial training work of advisory centres with after graduating from Manchesthe Government contributing ter University in chemical: engineering, was with Proeter and Gamble.

we are always telling people they have to look ahead, but we had no long term picture of The question troubling the where we were going ourselves. whole enterprise agency move-we decided to take some of our ment is how big is the pool of own medicine."

straightforward corporate and. market planning. Defining the agency's core purpose, the classical "what business are we in?" of marketing management, was easy — MBV exists to generate growth in small businesses in the Borough of Macclesfield, which forms a business advice that the ques-rizable portion of Cheshire, tions about their future develop-including Wilmslow and Knuts-

ness is disastrous. It seems clear that enterprise agencies are going to have to do more to reduce that failure rate. We need to develop a proper after-

Rosthorn believes a more pro-active role must be adopted by agencies. Most of his key assumptions in developing along these lines apply to any enterprise agency. For example: • National trends (the need for advice) will increase the need for enterprise agencies.

 Large-scale funding by the government is most unlikely.
 Funding is therefore going to remain fragile and highly dependent on local support, with both voluntary and forced mergers of spencies becoming more common towards 1988.

Central and local government spending on business advisory services will come under increasing pressure.

 Many agencies will not be able to rely on dominant private sector funding in the long term; thus they will have to become more entrepreneurial in thair own right and earn their own living.

A realistic rate of loss of

sponsorship is 10 per cent a year: new sponsors will stay in

year: new sponsors will stay in for three years. In financial terms, Rosthorn has concluded that MBV will be \$2,000 short of funds this year, £5,000 next year, £26,000 in 1987 and £35,000 in 1988. Total costs in the period will lave risen from £30,000 to £68,000. The biggest item then will be engineering, was and Gamble.

He says: "We needed an the employment of counsenors action plan and clear view of to try to develop an after-care, where Macclesfield Business as well as a start-up advisory Ventures (MBV) was going. In service. In most cases these costs are borne by large companies seconding staff for panies seconding staff for nothing.

What followed was some numbers of agencies growing so rapidly?

Entrepreneurial opportuni-ties, he says, include selling starter-packs or other homegrown advisory information, fee income, for running training courses, and the provision of a chargeable, but cost-effective monitoring service for banks and other lenders.

Ian Hamilton Fazey

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of licence applications is 28 June 1965.

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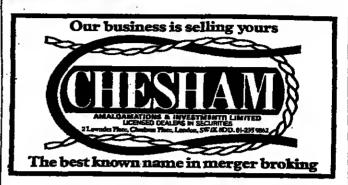
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ISSE OF Man, Carlbbaan, Libertia.
Franches, Chaopie Islands, Turks, etc.,
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CONTRACT OUT YOUR CATERING—Delicious food with expert masspeners, willburne Catering Contracts Ltd. 91-430 1596.
PRENTICE ACCOM. Add., Telex. 24 br. tale. message service. Capital Business Services, Capital Huss. Market Place. London W3 GAL. Tel: 61-893 6325. ASSETS of Insolvent Companies for sale. Receiver and Elquidators Classified. 01-637 3036. C1-53' 5036. Equinators Causance.

C2.10 P.W. FOR EC2 ADDRESS combined with whose researce and telect ander with whose researce and telect ander Exchange. Message Minders International, O1-628 C1988. Tolect Sat1725.

DIRECT MAIL LISTS & MENYICE3—100s of rest-built Lists immediately available. Suppliers to leading UK companies, Free catalogue. Marketan, Stringen, String Rd., Calchester, Sussex.

18.4 S. BAJT two afficient yields up to 16.8 %. Contact John Piper on 0273.

72.15.1. ARCH OR WI—Conflictential and incorp. savels.

#### Businesses for Sale

BY ORDER OF THE RECEIVERS & MANAGERS PHILIP MONJACK FCA & KEITH D. GOODMAN FCA

#### RETAIL JEWELLER

Offers are invited for the assets (including goodwill) of a retail jewellery group.

The operation includes concessions in a well-known retail chain together with freehold and leasehold property, with an annual turnover of approximately £1,000,000 (one million pounds). Reply in the first instance to:

> Philip Monjack FCA **Leonard Curtis & Co** PO Box 553 30 Eastbourne Terrace London W2 6LF

#### **MEDIUM-HEAVY SUB-CONTRACT ENGINEERING** COMPANY

NORTH-WEST ENGLAND

With very healthy order book and great potential for returning very good profits. Present turnover £1m, gross profits £400k, written down fixed assets £1m, with £450k capital nilowancea/tax losses. Available for sala or would marge with company looking for assets with contractors. with capital allowances.

> Principals only apply to: The Chairman, Box G10450 Financial Times, 10 Cannon Street, London EC4P 4BY

#### COMPANY FOR SALE

A lucrative Engineering/ Manufacturing Group of Companies for sale located in Derbyshire/South Yorkshire areas. Turnover for 1984/85 will be in excess of £1re

Apply in first instance to Box G10479, Financial Timen 10 Cannon Street London EC4P 48Y

## Businesses for Sale

# Specialist Contractor in **Marble & Granite**

Business and assets for sale as a going concern

- \* J. Whitehead & Sons Limited, an old established specialist contractor in marble and granite for commercial buildings.
- Freehold premises of approximately 60, 000 sq.ft. together with processing plant located in South London. Annual turnover in excess of £21/2 million.
- Recent work includes banking halls and a number of developments in London and the Provinces. A substantial order book is available.

Contact: Ken Jones and David Philip, Joint Receivers and Managers Robson Rhodes, 186 City Road, E.C.1. Tei: 01-251 1644 Teiex: 885734

ROBSONTAHODES

#### South Wales Sawmill/Pallet and Case Manufacturing

The Joint Receivers and Managers invite offers for the sale of the business as a going concern. Trade is conducted from separate freehold sites, comprising a sawmill near Brecon, Powys and a manufacturing unit near Ammanford, Dyfed, close to the M4.

There is a substantial order book with a current turnover of approximately £700,000. For further details contact either of the Joint

Receivers and Managers: Jeffrey Payne or Tony James

Payne & Co. 156, St. Helen's Road Swansea SA1 4DG . Tel: 0792 466310

#### Off License/Wholesale and Fine Wine Merchants

The Receiver and Manager offers as a going concern, the business and assets of Swansea based Clarke Williams (Swansea). Ltd. The company owns five freeholds and thirteen leasehold premises, consisting of two warehouses, fourteen off-licenses and two licensed premises. There are 95 employees and the turnover is in excess of £5m.

Further details from: R.A. Smart F.C.A.

Haskins+Sells 116 Cathedral Road, Cardiff

Location: West of England

Sales: £3M+

FREEHOLD

GARDEN CENTRE

For Immediate Sale

OVER S ACRES IN

SOUTH OXFORDSHIRE

For further details contact:
The Liquidator, Richard Phillips

Tel: 01-493 7151
20/21 Princes St, Hanover Squa
London WIR SPX

FOR SALE

Public company wishes to sell a well established general engineering subsidiary, including fabrication & sheet metal work 30,000 sq ft Freehold West Yorkshire Write Box G10975. Financial Times 10 Cennon, St. London ECAP 4BY

2 SUBSTANTIAL

WINE BARS

In good Inner London

Trading very profitably and superbly furnished and equipped £750,000 plus stock.

Write Box G10631, Fundamini Times 10 Cemnon St. London ECAP 48Y

U.K. National Distributor of Industrial and Domestic Heating Control Equipment.
Privale Retirement Sale – Investment Required: £650,000. 1985 Budgeted Pre-Tax profit - £100,000: Net Assets £400,000 Continuing management have plans for expansion.

Principals only to:

Martin B. Silverman, E.C.A. Morison Stoneham & Co.,
Chartered Accountants, 805 Salisbury House,
31 Finsbury Circus, London, EC2M 55Q.
Phone: 01-628 2040 Telex: 888729 M5 CO-G.

Morison Stoneham

#### FOR SALE **GEAR MANUFACTURING** BUSINESS

HOME COUNTIES Excellant customer base
Extensive well maintained Plant 7,500 sq ft very modern long Leasehold Factory Skilled Workforce // Turnover forecast over /500,000 — profitable Owner retiring Contact: C. J. C. Derry Business Brokerage Olaislon gusiness Brokerage Brownlow House 50/51 High Holbom London WC1V 6E0 Tel: 01-405 8411 Talex: 897377

HENRY BUTCHER

FOR SALE

CHANNEL PORTS AREA Valeabla Geraga — Freshold Italian and Jopaness Irenchica Mein Road otte—epprox 5,000 sq ft Luxury House Included FOR SALE 2250,000 Wike Box G10476. Financial Times 10 Cennon St. London EC4P 48Y

TRADE MARKS DATABASE SOFTWARE AND FILE FOR SALE Offers invited Write Box G10471, Finencial Times 10 Cennon St. London EC4P 4BY

LYMINGTON, HANTS Yacht Chandlery For Sale

2 prime leseshold waterfront positions, t/over for you ended 31.12.84 in the order of £270k. Sarious oix
figure offam only. Applications for
rander documents in withing to:
Paul E. Moody
Sharp Harrison & Reeder, Solicitors
4/5 Carlton Piece
Sosthampton BOS 4UA

FOR SALE FOR SALE
Highly successful company in the
Computer Games Market. High turnover, greasy and net probes with 21,
years hourse available. Wholesale
and retail custosvers, substantial
moting list with suponding suport
market. Company has its own tope
duplicating factory. Principals only
to Box G10480. Financial Times
10 Cannon St. London EC4P 4BY

FOR SALE. LONGON BRANCH OFFICES OF LONG ESTABLISHED TRAVEL AGENCY -- FULLY LICENSED (IATA, ABTA, BR) (IATA, ASTA, BR)
For Sala — Individually/whole
Rapiles (treated in strictest
confidence) to Box G10483
Financial Times
10 Cannon St. London EC4P 48Y

HIGH POTENTIAL RETURN Enclosed fish larm unit, Yorkshire, suitable for production of 250,000 selmon amolts pe. Includes borehole water rights with persential repetitions of 0.000 ps. Irony suoply of water to others. £215 LaJ plus additional psyment when water royalty commences.

With Bank G10482, Financial Times 10 Cannon St., London ECAP 48Y



0905 22303

#### Timber merchants, timber fabricators and coal retailers,

Glastonbury, Somerset.

The joint receivers and managers of John Snow Co. Ltd. wish to sell the business and the business assets of the Company.

The Company operates from a freehold site of approximately 17 acres in Glastonbury with easy access to the M5 motorway. The Company stocks softwoods, hardwoods and sheet materials and manufactures "twinplate" roof trusses, packing cases and palates, portable buildings, site offices, garden sheds and fencing. Annual turnover is approximately & million per annum. Further information may be obtained from:

J. S. Howells Deloitte Haskins & Sells Albion Chambers, Small Street, Bristol BS99 7TR Tel: Bristol 20514 Telex: 449263 DHS BTL G

Deloitte Haskins+Sells

#### FINLAKE LEISURE PARK Located near Newton Abbot, Devon

(Spedding Leisure & Development Group Limited)

270 acres of lake and woodland including pine log cabins and touring caravan standings. Also central amenity area with restaurant, bars, shop, swimming pools, tennis courts and 9 hole golf course. Residential office and development properties at Torquay.

Further details from W M Roberts Ernst & Whinney Becket House 1 Lambeth Palace Road London SE1 7EU Tel 01-928 2000 Telex 885234 Fax 01-928 1345

DHA Peacock Ernst & Whinney Southernhay House 36 Southernhay East Exeter EX1 1LF Tel 0392 33541 Telex 42592

Ernst & Whinney Accountants, Advisers, Consultants.

FOR SALE

CW/2109 — A southorn manufacturer of perimeter besting systems with ongoing management and sales skills is available for acquisition. The company has a good order took and enjoys a grass margin of more than 40% with gre-tax profits of over £300,000. The working puncipats with to pish their enterment (5 years +) and now intend to establish their and gams." The company is set on a sound locing and there exists a close part for farther growth through expansion of capacity.

The business is valued at £3 million of which a substantial portion will be payable immediately in cash ond/or quoted securities. The business may be paid over the life of a confroctual agreement with the current owners and linked to turnover.

Collins-Wilde Associates will initiate a dielogue with principals who tae damonarrate their ability to complete such a transaction.

Collins-Wilde Associates may be retained to seek out, scrutinise and negoties the outright purchase of or marger with companies on a confidential basis.

For further details please contact R. P., Graham.

is. For further details please contact R. P. Graham Collins-Wilde Associates Ltd. HEAD OFFICE: P.O. Box 48, Winchester, Hampshire SO21 2LL Telephone: 0962 73260 Telex: 477104

#### International

A wholly owned substitlery of Collins-Wilds PLC

USA MANUFACTURER OF LOW-YOLTAGE CABLES AND WIRES

Used in Computer and Stereo Industries Seles \$17m - Profits \$2.4m Not Worth \$8.5m Asking \$9m with \$3m down

Asking 59m with 53m down
Contact:
Business Buyers international inc
G Century Drive
Parsippeny, NJ 0705A, USA
Tel: [201] 285-1711
Telex: 230198 SWIFT UR Attn B8i
Our professional staff consists of
Cartified Public Accountants, Tex
Attorneys, PhOs in Economics,
MBAs, atc

OPPORTUNITIES IN SPAIN Take carly advantage of Spein's EEC cetry in January 561 We recordent a wide variety of proteable Spanish companies (most Industries—senual sales to \$4.0 million) seeking to merge or be acquired by fureign companies. Passo Mallorca 26
Passo Mallorca 26
Passo Mallorca 07012r Spale
Telephoner (34-75) 21-20-46

INTERNATIONAL BUSINESSES FOR SALE APPEARS EVERY TUESDAY

#### **Paper Products**

The joint receivers of Spicers International Limited are offering the business for sale as a going concern. The business consists of the distribution of paper, printing and paper converting equipment and graphic supplies with a turnover in excess of £10 million. The company operates principally in the Far East and in Africa.

For further information please contact:

Telephone: (01) 236 8000 Telex: 8811541

Guy Parsons and Alan Milnes Joint Receivers
Peat, Marwick, Mitchell & Co. 1 Puddle Dock London ECAV 3PD

PEAT MARWICK

The Joint Receivers and Managers offer for sale the goodwill, business and assets of the Identicar group.

\* The group holds the worldwide rights to a leading motor vehicle security marking system and has established franchises in the UK and overseas.

It is also developing a motor vehicle security device.

All enquiries to J. A. Talbot or A. D. Lewis at: . . Arthur Andersen & Co., 10 Newhall Street, Birmingham B3 3NP.

Tel: 021-233 2101.



#### == £400,000 RELUCTANT SALE

LONDON W.1 PRESTIGE PHOTOGRAPHIC BUSINESS Established 37 years (5 mins Oxford Street) Specialining in Society Wedgings, Banquets and Ports
Double fronted pasting Modern Showtooms of
approximately 4,000 aq ft
£100,000 of top quality equipment incleales
Pako Paper Processors [18 inche)
New Vynel flooring, fully carpeted, 5 telephone fin
New 20-year valuable leases
This business offers acceptional opportunities for consideraces under young dynamic new management

**Hotels and Licensed Premises** 

Write Box G10472, Finencial Times 10 Cennon Street, London ECAP 48Y

# E. Carroccutt, Gins. Tel: (1227) 2238 (Also Lumiton and Edinburgh)

Edioburgh 8 miles - In 7.5 Acres THE DALHOUSIE CASTLE HOTEL AN HISTORIC (12th CENTURY) FULLY LICENSED HOTEL b 24 individual assex/: bedrooms, dungeon restaumnt a industral T/O over £400,000. Offers over £50,000 for 112-year years. AYRSHIRE - IN 40 ACRES

AN ELEGANT GEORGIAN COUNTRY HOUSE HOTEL # Image basinous (at at) 4 against public recite.

1/0 in excess of 2200,000.

Offers over £225,000 complete. Full particulars from the Sole Agents as above

## Businesses Wanted

#### Hotels

#### South East & East Anglia

Our client seeks to acquire either a small hotel group or individual hotels with 50+ rooms in London or the South East. Preferably, existing management would be retained. Replies in confidence to:

N. K. Challis Esq. Peat Marwick Acquisition Services 1 Puddle Dock

Blackfriars, London EC4V3PD Telephone: (01) 236 8000 Telex: 8811541

PEAT MARWICK

#### **Packaging, Paper Products**

A highly successful UK public company wishes to acquire profitable packaging or related businesses in the UK, turnover in excess of £5m p.a.

This company has an impressive record of retaining the executives of medium sized entrepreneurial businesses within its corporate structure, following acquisition. Retention of a minority interest by management would be considered. Replies in confidence to: N. K. Challis Esq.

Peat Marwick Acquisition Services 1 Puddle Dock Blackfriars, London EC4V 3PD Telephone: (01) 236 8000 Telex: 8811541 -

PEAT MARWICK

#### SAFETY

This private limited Company, the market leader in the distribution of Safety Equipment, Protective Clothing and Industrial Rubber and Plastic products, wishes to expand by forming an association with, or by acquisition of manufacturing/distribution companies with similar interests based in the Midlands, Sonth and South-West areas of the UK. Would interested principals please contact:

Chairman and Joint Managing Director ARCO

P.O. Box 21, Waverley Street, Hull HU1 28J

#### INFORMATION TECHNOLOGY: ACQUISITIONS & JOINT VENTURES

Substantial IT & IS business with £multi-billion backing and having access to US and other markets, is accelerating expansion in size and its portfolio. Software houses and other specialists are especially relevant.

Raply by principals to Box G10473, Financial Times 10 Cannon Street, London BC4P 48Y

PRIVATE INVESTOR With strong capital resources wishes to diversity and become involved with an up and coming company in need of capital injection and management expertise. Application in writing outfloing the cereant performance and projections of the company to: ompany to: Box G10477, Financial Times to Cannon St., London EC4P 48Y

SELLING OR RETIRING FROM YOUR BUSINESS! The Michael Bhenly Groso have lands aveilable for UK company equisitions, especially those with property essets. We can purchase as a going concern under your or our management. Consect James Darkins - Tel: (04946) 71331

## **PUBLIC COMPANY**

Urgently requires to utilies the losses in investment trading companies. Interested in acquiring shems in small or large companies allied to property/investment truets or dimiter UK or offshore. Write Box G10470, Finencial Times 10 Cannon St., London EC4P 4BY

recoired. With or without property Contidentiality assured. M. Harrison

#### Growth **Businesses**

Public Company with substantial cash reserves would like to hear from successful privately held growth businesses with a viaw to discussing the possibility of a reverse takeover situation Write with preliminary details in confidence to: Chairman Box G10412, Financial Times 10 Cannon St. London EC4P 48Y

#### Waterman **Electronics Limited**



The business and assets of the above company are for sale as a going concern. The company is engaged in the assembly of wire wound components, filters and transformers.

MoD Approved USA: and trade from modern leasehold premises in Pools, Dorset.

There are 46 employees and turnover is in the region of £600,000 per annum.

Cork Gully

For further statistic apply.

J. M. Iradala and C. Kan
Joint Reciprosit & Manua.

CORK GULLY

215 Landowne Bond

#### FOR SALE

THRIVING SPECIALIST PRE-WAR CAR SPARES & RESTORATION BUSINESS Write Box G10484, Financial Times 10 Cannon St. London EC4P 48Y

UP MARKET RETAIL BUSINESS FOR SALE - GIFTS ETC. president to Box G.10486. Financial Times.

O. Capoon Street, London EC4P 48Y treated in Strict Considence.

FOR SALE UNIQUE RETAIL BAKERY BUSINESS

#### Company Notices



#### BNP OPENS A SUBSIDIARY IN NORWAY

BANOUE NATIONALE DE PARIS, the leading French bank which has had a representative office in Norway since 1976, has obtained the approval from the Norwegian authorities to open a bank in association with PORRETNINGSBANKEN, fifth commercial bank in this

The capital of the BANQUE NATIONALE DE PARIS NORGE A/S, whose registered office is in Oslo, will be 40 million Norwegian kroner, 75% of which will belong. to BNP and 25% to FORRETNINGSBANKEN.

BANQUE NATIONALE DE PARIS NORGE A/S Haakon VII's Gate 6, Oslo, Norway General Manager: M. Paul-François Gauvin



#### PETROLEOS MEXICANOS U.S. \$100,000,000 Floating Rate Notes Due 1988

In accordance with the terms and conditions of the Notes and the provisions of the Reference Agency Agreement Petroleos Mexicanos and The Industrial Bank of Japan: Limited dated August 7, 1987 notice is hereby given-that the Rate of Interest for the eighth Interest Period has been fixed at 9%% p.a., and that the interest payable on st Payment Date August 19, 1985 again Coupon No. 8 will be US\$496.49 and has been computed on the actual number of days elapsed 181 divided by 360.

February 19, 1985 · · By The Industrial Bank of Japan, Limited. Reference Agent Singapore Branch

1BJ

CANADIAN PACIFIC

ENTERPRISES LIMITED

ENTERPRISES LIMITED

Notice of Record Date for 1985
Annual Meeting of Shireinidiors

Notice is hereby given, pursuant to
the requirements of the Canada
Business Corporations Arc, that the
directors have fixed the class of
business on Friday, March 15, 1985,
as the record data for the determination of the holds of common
sharse of the Corporation who will,
be entitled to receive notice of the
Annual Meeting of Sharbonders to
be held in Calgary, Albarta, et 11.00
am (Calgary time), on Friday, April
26, 1985.

Legal Notices

THOMAS ROBERTS (WESTMINSTER) LIMITED

COMPANIES ACT 1981

(SECTION SET

REGIE NATIONALE DES USINES RENAULT INTERNATIONAL ISSUE OF FF 200.000.000.-

7,25 % 1972 / 1987 We inform the bondholders that the March 15, repaymen instalment of FF 20.000.000, has been made by purchase. on the market. Amount outstanding: --

FF 82.000.000;-

THE PRINCIPAL PAYING AGENT SOCIETE GENERALE ALSACIENNE DE BANQUE Succursale de Luxembourg

LUXEMBOURG SONATRACH

**Avenue Emile Reuter** 

SONATRACH
USS60,000,000 Floating Rate Serial
Notes due 1991
NOTICE IS HEREBY GIVEN that the
Rate of Interest has been fixed at
10% and the Coupon Amount
psysble Augunt 18, 1985, against
Cospon No. 13, will be USS504.51,
By: CITIBANK, N.A., LONGON
Agent Bank February 19, 1985

Art Galleries

(SECTION 55)

(registered in England No. 221528)

TO WHOM IT MAY CONCERN, flotics is hareby given pomuent to Section 56 of the Companies Act 1951 that:

(1) The above-named Complety has-approved a payment out of capital for the purpose of acquiring its own aheres by nuchase.

(2) The amount of the permissible capital payment for the shares in question. Is £1.448,977, and the resolution approving such payment of capital was passed in 14th February, 1985.

(3) The Statutory Declamion of the Oirectors and the Auditors I sport Act are sivillable for inspection at the Company's registered office at the Company's registered office at the Company are registered office at any time within the five weeks immediately following 14th February, 1985 apply to the Course of an order prohibiting the payment. GNEW GALLERY, 45, Old Bond St., W1: 01-629 5176, 112th ANNUAL WATER-COLOUR, EXHIBITION, Until 22 Feb. Mon.-Fri. 9.30-5,30, Thurs. smitl 6,30 SLAUGHTER AND MAY.

#### CLASSIFIED ADVERTISEMENT RATES

Commercial and Industrial Property
Residential Property
Appointments
Business, Investment Opportunities,
Business for Sale/Wanted
Personal
Motor Cars
Hotels and Travel

Hotels and Travel
Contracts and Tenders
Book Publishers

Premium positions available 27.00 per single column em extra.
For further details write to:

Classified Advertisement Manager Financial Times, 10 Cannon Street, ECAP 4BY

Solicism to the Company.

35.50

CANADIAN STOCK MARKETS 32 WORLD STOCK MARKETS 32 LONDON STOCK EXCHANGE 33-35 UNIT TRUSTS 36-37 COMMODITIES 38 CURRENCIES 39 INTERNATIONAL CAPITAL MARKETS 40

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24

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## SECTION III - INTERNATIONAL MARKETS

## **FINANCIAL TIMES**

Tuesday February 19 1985

Controversial Danish \$200m FRN baffles Euromarket, Page 40



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Coffee (March)

Oil (spot Arabian light)

£1,290.50 £1,278.50

£2,326.50 £2,330.32

n/a \$27.725

## Holidays prove an

inhibition

EUROPE

THE CLOSURE of Wall Street markets for a public holiday inhibited activity in European centres yesterday, leaving many bourses to ease back from the re-

cord levels seen at the end of last week.
Trading was light in Frankfurt, celebrating its own carmival holiday, although the FAZ index of 100 industrial and commercial shares added 1.07 to a record 402.73. The Commerzbank index was not calculated.

Some of the strongest gains were re-corded in the motor sector with Daimler up DM 4 at DM 646. BMW put on DM 2.50 to DM 370 as it announced higher 1984 sales and forecast higher profits for

Chemicals issues firmed in response to domestic demand, with BASF DM 2.90 ahead at DM 189.20, Hoechst 70 pfg better at DM 190.20 and Bayer DM 1.30 higher at DM 198.10.

Electrical group Siemens fell DM 2 to DM 545 while Nixdorf was DM 2.50 up at DM 542: the companies are among six

Wall Street reopens today after the Washington Birthday holiday while trading in Germany is curtailed due to Carnival, Singapore and Hong Kong close tomorrow for the lunar new year festival, and reopen on Monday.

European computer manufacturers that have agreed to co-ordinate development of software which can be used under a common operating system.

The dollar's renewed rise sapped seatiment in the bould market bringing a reversal of Friday's sharp recovery. The soft tone of U.S. credit markets at the end of last week and this Friday's launch of a further Government loan stock, also depressed trading.

The Bundesbank bought DM 46.2m of bonds to cushion the easier trend, compared with sales totalling a large DM 120m last Friday.

.An absence of foreign participation left Amsterdam unable to move ahead from Friday's peak levels and the ANP-CBS General index eased 0.1 to 201.3.

The market is also suffering from some concern over the effects of higher

domestic interest rates. One of the few shares to remain in de-

mand was brewer Heineken which rose Fi 1.40 to FI 156.60. Among major companies, Unilever ended Fl 1 lower at Fl 338, häving been marked Fl 1.40 down in early trading:

Bond prices edged ahead on turnover that was sharply reduced by spring and Carnival bolidays.

Profit-taking in the wake of last week's advances, left Paris mixed, with the mood soured by the announcement of a visciti Land by the announcement of a rise in January unemployment. The CAC Generals index added 0.1 to a re-

In the motor sector, Peugeot dipped 80 centimes to FFr 285 as its car producing units reported modest revenue gains for

A mixed performance was seen in Zurich with many investors remaining out of the market Bonds were mixed.

Brussels moved ahead in moderate trading. Most non-ferrous metals issues firmed but Hoboken fell back BFr 170 to BFr 5,760 after reporting slightly higher results before exceptional charges for the period to the end of September, 1984. .The strength of the dollar boosted the

chemicals sector where Solvay gained BFr 20 to BFr 4,070 and Tessenderlo added BFr 10 to BFr 2,975. A firmer tone emerged in Madrid, led by the foods and construction sectors.

Banco Santander added 5 points to 341 per cent of nominal value after its announcement of higher net profit for

Milan also moved ahead with the Ban-

ca Commerciale index up 4.24 at a peak 288.22. Ciga rallied L335 to L8,250, in response to renewed market speculation that a foreign group might take a signifi-cant stake in the hotels holding compa-

Stockholm was easier and Electrolux, the most actively traded issue, dipped SKr 4 to SKr 304.

Vienna continued on its record breaking streak with the Credit Aktien index up 0.78 at 64.96.

#### **KUALA LUMPUR**

## Far ranging review under way

THE MALAYSIAN Government yesterday announced a temporary freeze on all new public listings and new share issues on the Kuala Lumpur stock exchange until an improvement is seen in the market, which has been depressed for the past 18 months, writes Wong Sulong in Kuala Lumpur.

Rights issues, bonds and shares issued for takeovers and mergers by exist-ing listed companies will still be allowed, but on an "very selective" basis.

In a major policy speech, foreshadowing far-ranging changes to the securities industry. Mr Daim Zainuddin, the Fi-

nance Minister, also said: The Government was considering allowing merchant banks and foreign in-

vestors to take equity in Malaysian stock broking companies.

The allotment of special share issues to Malay businessmen and institutions

would be reviewed. New trading instruments, such as op-tions and settlement trading, were being considered to give depth and dynamism

to the exchange. Mr Daim's announcement was welcomed by Mr Abdul Razak Sheikh Mahmood, the stock exchange chairman, who said it "would give a strong boost to

the market. However, Malaysian merchant banks stand to lose a lucrative portion of their

income because a substantial part of their business is in advising corporate clients on public listings, share issues, acquisitions and mergers. Last year, 14 companies with a paid-up capital of 522m ringgit (\$209m) were

granted public listings. The minister also announced the new

members of the Capital Issues Committee, the powerful Government watchdog of the exchange, which has been trans-

Tan Sri Thong Yaw Hong, Treasury Secretary-General, is the new CIC chairman, replacing Tan Sri Aziz Taha, the central bank governor.

Reiterating government concern that the continued depressed stock market could affect investor confidence in the economy, Mr Daim identified the saturation of scrips and continued selling by Malay businessmen as two major contributing factors.

He said listed companies raised a total of 2.8bn ringgit last year, compared with 2bn ringgit in 1983 and 800m ringgit in

"While this rapid expansion is in line with the policy to facilitate private capi-tal mobilisation to stimulate economic growth, I must advise that the securities market should be given time to consoli-date itself. There should be no explosion of new listing of public companies and proliferation of public offers of shares which cannot be readily absorbed by

genuine investors."

Mr Daim strongly criticised Malay businessmen and institutions for selling shares given to them at heavy discounts under the Government's new economic

policy.
These allotments of new issues and special issues to Bumiputras (Malays) are intended for them to retain as inTOKYO

#### Retreat from high ground

INVESTORS retreated to the sidelines in Tokyo yesterday after the Nikkei-Dow market index scored all-time highs last Thursday, Friday and Saturday, writes Shigeo Nishiwaki of Jiji Press.

The index shed 20.77 from Saturday's record 12,169.92 to 12,149.15, although advances outnumbered declines 378 to 348, with 150 issues unchanged. Trading contracted from 405m shares on Friday to 243m.

Blue chips, sought in the second half of last week in increasing volume, found few buyers. With Wall Street closed, investors had no guidance yesterday. They were also worried about a speech by Mr Paul Volcker, U.S. Federal Re-serve Board chairman, sheduled for to-

The announcement, due today, of the margin buying balance on the Tokyo, Osaka and Nagoya exchanges - expect-ed to hit a record high - was a further

source of concern for Tokyo investors. The yen staged a sharp rally to 253.70 to the dollar at one point in Tokyo but

this had little effect on trading.

Small-lot selling pressure hit blue chips. Only those related to compact disc

chips. Only those related to compact disc digital audio players continued to firm, with Nippon Columbia adding Y90 to Y1,870, Olympus rising Y70 to Y1,400 and Nippon finishing Y100 higher at Y2,180. Mitsui Mining and Smelting, most ac-tive with 11.43m shares changing hands, advanced Y19 to Y519. Mitsui Toatsu Chemicals added Y1 to Y220, with the day's second heaviest volume of 11m. day's second heaviest volume of 11m.

Mitsui Sugar jumped Y40 to Y590, but other biotechnology stocks collapsed. Yamanouchi Pharmaceutical closed at Y3,890, losing Y100, while Kaken Pharmaceutical plummeted Y230 to Y3,520.

Banks advanced for the first time in recent sessions. Sanwa advanced Y70 to Y1,420 and Sumitomo added Y40 to

Bond trading was inactive, with institutional investors and brokerage houses seeking appropriate price levels in the wake of the rally late last week. The yield on the benchmark 7.3 per cent government bonds, maturing in December 1993, rose from Saturday's 6.730 per cent to 6.755 per cent.

#### **HONG KONG**

## **Inspiring** battle for the hongs

THE PROSPECT of a battle for control of Wheelock Marden, the leading "hong," or trading group, fuelled a rally that took Hong Kong share prices sharply higher, writes David Dodwell in Hong

Kong.
The weekend bid of HK\$2.1bn (U.S.\$ 269m) from Sir Yue-Kong Pao's Hong-kong and Kowloon Wharf and Godown company gripped a market that would normally be drifting quietly into the Chi-

nese lunar New Year. The Hang Seng index jumped 21.25 to close at 1,427.18. Stock turnover was HK\$549m - extraordinary in view of the fact that share dealings in Wheelock were suspended for the day.

The rise follows a 51.54 point gain on Friday, when the territory's four stock markets recorded the largest volume of daily husiness since the middle of 1981 – HK\$709m.

Fuelling the market were suggestions that a major international group – probably Anglo American, the South African gold mining company - was preparing a

bid for Jardine Matheson, the colony's "princely" hong. Jardine closed HK\$1.15 up at HK\$9.90, its best level since last May. The seven quoted subsidiaries of Wheelock - which unlike the parent are not suspended - attracted speculative

buying.

Part of the fuel for speculation over a bid for Jardine was no doubt simply that one of the two competing bidders for Wheelock is bound to fail. Both Tan Sri Khoo and Sir Yue-Kong Pao have put HK\$2bn on the table with no great difficulty and have a declared interest in an acquisition in Hong Kong. Jardine Matheson would be more costly - at yesterday's closing price, its market capitalisation is just less than HK\$4bn - but would not be out of reach.

Other reports link Anglo American with Jardine. Executives from Anglo have recently been in Hong Kong and have expressed interest in acquisitions in the area. But market analysts suggested this did not necessarily add up to a bid for Jardine.

#### **AUSTRALIA**

DESPITE a subdued level of trading, Sydney hit a record high with a 4.3 point

rise in the All Ordinaries index to 790.5. The lower Australian dollar, which is making domestic shares look relatively cheap to overseas investors, combined with the momentum gained last week to

attract a broad range of price rises.
Gold mining issues gained ground although oil and gas shares were weaker. The high technology sector experienced renewed demand while banks ended mixed to higher.

#### LONDON

BOND and share prices drifted lower along with the sterling exchange rate in London yesterday.

Gilt-edged securities met with only light selling, but after the recent good two-day advance, came back to close % down at the day's lowest.

The FT Ordinary share index, after opening 3.6 off, went progressively lower to close a net 9.4 down at the session's lowest of 970.5.

Details, Page 32; Share information services, Pages 33-34

#### **SINGAPORE**

SUSTAINED buying interest and short-covering ahead of the four-day Chinese lunar new year holiday pushed Singapore share prices higher over a broad

The Straits Time industrial index gained 6.76 to 810.90 on slightly reduced

volume of 8m shares. Kentucky Fried Chicken experienced strong speculative support and closed 88 cents higher at \$3.44 with about 1m shares traded while Pan Electric added 5 cents to \$2.90

#### **SOUTH AFRICA**

THE NARROW movements in the bullion price were reflected in small price changes in Johannesburg gold shares although some higher priced issues en-

countered strong support.

Buffels rose R1.50 to R67 and Free
State Geduld closed 75 cents higher at R43.75 although Driefontein slipped 15 cents to R47.35.

AE&CI was unchanged at R7.15 after prospects of labour unrest at its Modderfontein dynamite factory, where 14 workers died in an explosion last Wed-

In industrials, Barlow Rand slipped 10. cents to R9.95 and Anglo American Industrial Corp was unchanged at R22.25.

#### CANADA

THE SIDELINES were crowded in Tor-onto with many investors waiting for Wall Street to open today after yester-day's U.S. market holiday. Golds displayed some gains although base metal miners and oil and gas issues were

Trading resumed in Canadian Tire after its fourth-quarter loss. It moved C51/2 lower to C\$9%.

Utilities were the only bright spot in an easier Montreal.



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## WORLD STOCK MARKETS

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	Feb	Feb. 15	Feb. 14	Feb.	19 <b>84</b> High	.85 Low
AUSTRALIA All ord. (1/1/60) Metals & Minis, (1/1/60)	790,5 480,1	786.2 454,9	786,3 456,5	775.18 445.3	790,5,18;2/84; ; 567.4 (ā/1/84)	548,5 (18:8) 395,8 (7/1;85)
AUSTRIA Credit Aktien (2/1/62)	64.95	64.20	53,50	65,0%	-84,96 (18;2/85)	55.20 (15/6)
BELGIUM Brussels SE :1/1/80)	2152.76	2138,42	2158,78	2150,7		
DENMARK Copenhagen SE (Si L/60)	(ul	.176,18	174,51	175,90	225.2129/1/84)	158,44 (8/1/85)
FRANCE DAC <i>General (51/12/9</i> 2) nd Tendance (26/12/84)	200.8 1 108,8	200,90 109,18	200.5 109.8	198.3 108,5	200_9:18/2/85: 109_5:14:2/85;	155,\$ (3)1/84  186,0 (28/12.8
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HONO KONG Hang Seng Bank/61/7/64)	1427_18	1405.88	1354,89	1886.82	14,279(15/2/85	746,02 (13/7)
TALY Sanca Comm Ital. (1972)	268.22	285,58	276 65	275.96	289,22: 18,2/65:	182,86 (2/144)
JAPAN** Nikkel-Dow (16:5:48) Tokyo SE New (4:1:68)	1214,91 946.81	12148.ā 940.35	12081.7 931.80	12025.7 924.12	.12159.3: 18:2:85 941,81: 18,2:85	9798,85 (25·7) 730,48 (4(1;84)
NETHERLANDS ANP-CBS General (1970) ANP-CBS Indust (1970)	201.5 159.4	201.4 159,5	201.4 158.7	198,8 157,4	201.4 14/2/65: 158,4:11:2:85:	
NORWAY Osig SE (4:1:68)	£22,81	827.22	253,16	825.6	345.8 (Br2:85)	221,87 (4/1/94)
SINGAPORE Struits Times (1995)	810,58	804.14	802,82	805-74	1071,5(8:2:84)	764.4 (15/1/85)
SOUTH AFRICA Gold (1958) Industrial (1958)	(A) (U)	835.0 868.7	890,1 869,5	854.7 865,5	1025.6   16:11:   105.5   129.5)	788.1 (24)1/84) 853,5 (19,9)
SPAIN Madrid SE (28/12/84)	116,23	115,55	115,55	714,49	117,41 (4-2/85)	108,00 28 72/84
WEDEN Jacobson & P (11/58)	1487,05	1448,12	1458,69	1452,5	1894.5 (8/2:84)	1302,99 (22/11)
SWITZERLANO Swiss BankCpn.(5), 12:58;	415,8	415,7	418,9	413.5	418,8 (8/2/85	854,5 (25/7)
WORLD Capital Intl. (7,1/70)		197.8 <sup>1</sup>	198.8	196,1	191,9 (15,245)	186,2 (14,12)

Indices

Stock 15 14	Cambell Red Lk. 24% 25 Can. Coment Pt. 11% 11%	Dome Mines 113, 114 Dome Petroleon 5,35, 3,25	Macmil Sloedel 255	Ranger Officer S16 65,
AMCA Intl 175g —	Can. NW Energy. 241s 244	Falconbridge 9512 956	Marks & Spence: 55s 55s MassayForqueor 1.75 3.80	Rio Algom 231, 231, Royal Bank A 30; 51 Royal Trust Am 281, 181,
Agnice Eagle 15% 15%	Carl Trustco 52 . 3212	Fed Inds A 217s 215s Grandis A 271s 271s	Mitel Corps	Royal Frust A. 1814 1814
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Benk Nova Scotia 131 14 BCE 571s 571s	Carting O'Kfe 1412 Chieftain 155e 155e	Hudson's Bay 18 184 Husky Oil 114 114	Noticen Energy 1436 1436 Nth. Telepom 5936 54 Nova Alberta 7 74	Texaco Canada 84 836
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steyr-Damler 156	Sayer-Hypo 515.2 -1.8 Sayer-Verein 327 : +0.5	Cardo (Frec) 254 +1 Calluloss 122 -2	ICI Aust 2.02 +0.89	Nipoon Consec 1.430
Veitecher Mag. 345 +2	SMW 270 ; -1	Electrolux 6 504 -4 Ericsson 292   +1	Kin Ora Gold 0.15 -0.91 Lend Lease 5.82 +0.46	Vippon Elect 1,21010
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Softray 4,070 +20	Manach Rusck., 1240 +50	Norsk Hydro	HONG KONG	Shiseido £050 +10 Sony 4.336 -60
Stenwick intl 1,500	Nordorf 542 +2.5	Norsk Hydro	Feb. 18 Price - or	Stanley 217 +6
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Andelsbanken 289 -2	Volkswager 122,2 -0.5	8co Historio 164 +3	HK Shanghai 8k. 9.0 +0.05	Tokyo Marine
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1.5.8.B	Bustogi-IRBS 187 +1 Centrale 2,940 +40	SWITZERLAND	Swire Pac A 24.8 +0.3 TV-8 6.5 ±0.04 Wheel k Mard A. 6.44	Toshiba Elect 4561
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Bon Gervais 2,400 -5	Fig	Pireili	Citizen 588 +8 Daiel 665 +29 Dai Hippon Ptg 995 +5 Daiwa House 665 -2 Ebara 566 -13	Hong Leong Fin5.5 +0.52 Inchaspe Shd 2.52, +0.65
(217-AUCHT911 X90) + 10	ACF Holding 192 -0.5 AEGON 171 ! +2	Sendor (PtCts) 1,550 +10 Schindler (PtCts) 750 +10	Daiwa House 655 -2	Keppel Shipyard 1.69 +0.84
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Ession 2910 -1	Celland Hidgs 54,9 +0.1 Dordtsche Perm 178.3 -0.4	Zurich Ins 20,400 +50	Hasegawa	I SEC COR. SUCCESSION   W
	Electrics-NDU 112.8, +0.5	ALICTRALIA	Hitachi	DOB
Lafarge Coppes. 411.5 -1.6	1-0kx61 ************************************	AUSTRALIA Feb. 18 Price + or	Honda	SOUTH AFRICA
t egrand 2 070 + +23	Heineken	Feb. 18 Price + or Aust 8	House Food 665 -36 Hoya 2,290 10	Feb. 18 Price 1 or Rand
Maisons Phenix 194.8 -0.1	Int Mueller 424 405	ANT Common 47	1001 (C)	
Maisons Phenix 1948 -0.1 Matra S.A. 1,648 -5 Michaelin B. 840 +1 Midi (Ciel 2275 +25	KLM	Alliance Oil Dev., 1.05	lwatsu	AE&Cl 7.15
MORT-HATIDESSY 1230 +D	KLM 54,5xc 47,5 -0.1 Naarden 279 -1.5	Alliance Oil Dev. 1.05	JACOS	Angkt Am Coel., 43
Moulinex 102.9 -0.8	Ned M d Bank: 189 +1.2 NedBoyd	Aust Cors ind: 1.98 +0.02 Aust Guarantee. 2.61 +0.81	10.   10.	Abercom
Permod Meard 711 + D	Doe Urinten 298.9 — 1 1	Aust Nat. Inda 2.520.05	Kao Sosp 812   +2	Barciays Bank 14.8 -0.85
		Aust, Paper 2.55		
		DOS 0100h		
Deugest 6 4 . 295	Pakhoed	Bell Res 5.0 +0.45	Kornatsu 442 -5	CNA Gallo
Deugest 6 4 . 295	Paktoed	Boli Res. 5.0 +0.45 Bond Corp Hidgs 1.27 5.42 +0.02	Kirin	Currie Finance 5.45 +0.85
Peugeot S.A	Pakhoed	Bell Res	Konishiroku 705 .+10.	Oe Beers 2 17 Oriefoniain 47.35 -0.15 F3 Geduid 43.75 +0.75
Peugeot S.A	Pakhoed	Bell Res	Kubota 705 +10 Kubota 520 -5 Kumagai 770	Oe Bears 2 17 Oriefoniain 47.35 -0.5 FS Geduld 47.35 +0.75 Gold Fields SA 25.5
Peugeot S.A	Pakinged 68.2 -0.5 Philips 69.5 +0.2 Robeco 75.4 -0.2 Rodemoo 69.1 -0.2 Rofflero 69.1 -0.2 Rofflero 75.4 -0.3 Rofflero 75.4 -0.3 Rofflero 75.4 -0.3 Rofflero 75.4 -0.1 Rofflero 75.3 Rof	Bell Res	Kubota 705 +10 Kubota 520 -5 Kumagai 770	Oe Beers 2 17 Oriefoniain 47.35 -0.5 F3 Geduid 43.75 +0.75 Gold Fields SA 46.5 Highweld Steel 40.6 4 75.4 0.05
Peuseot S.A 285 -0.8 Printemp.Aus 197 -5 Radiotech 255 -2.8 Redote 1,255 75112 Selimeg 1,540 3 5512 SkisRossgnol. 2,035 +10 Telemech Elect 2,400 -35 Thomson CSF 495 +5	Pakhoed	Bell Res. 5.0 +0.45 Bond Corp Hidgs   1.27 Bongainville	Konishiroku 705 +10.  Kubota 380 -5  Kurnagai 601 -14  Kvoto Ceramic 6,750 -20  Maede Const 455  Muskino Milling 1,450  Myakita 1,160  Maruheol 1,160	Oe Seeirs

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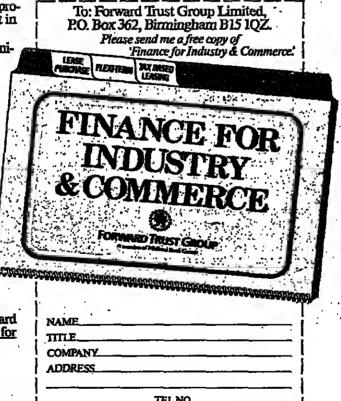
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## Markets drift back uncertainly as pound weakens

against strong dollar

Interest faltered as period rates in UK money markets started to firm to near-14 per cent and the pound experienced difficulties in bolding above \$1.10. The announcement of last month's Public Sector Borrowing Requirement made for fresh uncertainty in midatiernoon and, with the dollar pushing sterling down to around \$1.0935, the deckine in values speeded up. Interest faltered as period

51.0935, the deckine in values speeded up.
Gilt-edged securities met with only light selling throughout, but after the recent good two-day advance, came back to close a down et the day's lowest. Many there were un and the file down et the day's lowest. Many shorts gave up i and the £20-paid tap, Exchequer 11 per cent 1990, again went to e discount, closing that much down at 19½. Indestinked stocks were the steadiest sector ewaiting this week's tender for the £400m issue of Treasury 2½ per cent 2013:

Leading shares popular with U.S. investors suffered more than most, the likes of ICI and BTR finally experiencing falls

than most, the likes of IUI and BTR finally experiencing falls ranging into double-figures. Only five of the 30 constituents of the FT Ordinary share index managed to improve on balance and the measure, after opening 3.8 off, went progressively lower to closs a net 9.4 down at the session's lowest of 970.5.

#### Insurances fall

75.76 +0.17 75.65 -

118.29 +0.00 110.61 --

Life and Composite Insurances came under early selling
pressure following a Press
report that the Chancellor could
etill introduce legislation on
pension tax relief in the Budget.
Double-figure falls were commonplace of one stage but prices
steaded late in the session and
closed well above the worst.
Canalities in the Life sector inmonplace of one stags but prices and closed 12 lower et 840p; the steadied late in the session and closed 12 lower et 840p; the steadied late in the session and closed 12 lower et 840p; the steadied late in the session and closed 12 lower et 840p; the steadied late in the session and closed 12 lower et 840p; the stead of late in the suseried of any bid developments and session and sessio chided Legal and General 7
lower at 585p, and Prudential 13
down at 525p. Composites also
bad to cope with nervousness
ahead of the dividend season,
which opens with Royal on
March 4; Royal fell to 545p prior
to closing 10 down at 555p, while
General Accident, annual results
was among the bidders
due on March 6, settled 10 down Yarrow yard left the

Union shed 4 to 182p, GRE 13 to 642p and Sun Alliance 6 to 400p, South American debt worries

South American debt worries continued to weigh on the major clearing banks. Quotations drifted lower as buyers held off and Barclays finished 6 off et 607p. 2s did Lloyds, at 557p. NatWest gave up 7 at 663p, but Midland were only a penny cheaper of 332p. Royal Bank of Scotland shed 4 more to 234p and the new all-paid shares 3 to 24p premium.

Wallpaper and fabric designers Osborne and Little staged a highly pleasing debut in the Unlisted Securities Market; the shares, placed at 125p, opened et 192p and in a good two-way business moved up to 202p. Last week's newcomer, Hilledown Holdings, continued to trado actively and closed 3 dearer at 178p, after 180p.

Whitbread proved to be one of the day's major casualties, falling 15 to 195p as its U.S. subsidiary. Buckingham, acquired last year in a fallow rocked and Baron Philippe De Rothschild wines. The announcement upset sentiment elsewhere in the sector with Bass 10 off et 500p and losses of 6 common to Arthur Guinness, 230p, and Greenall Whitley, 170p, Wloos and Spirits were also under a cloud. Distillers declired 10 to 282p.

Light selking and the absence

Light selling and the absence of support lowered iseding Buildings. Redland gavo up 4 to 2600 and Tarmac shed 6 to 4740, but Bluo Circle managed 4740, but Blue Circle managed to buck the trend and closed 5 dearer et 505p. Elsewhere, further buying ahead of Thursday's annual results bolned Werd Holdings firm 3 to 163p, whils Heywood Williams, also reporting soon, put on 4 to 136p. USM-quoted Jayplant gained 7 to 29p fotlowing e newsletter recommendation, while British Dredging, in which o sizeable stake changed hands last week, put on 4 to 74p in response to favourable onement. Gibbs and Dandy "A," also the subject of favourable mention, odded 4 to 28p.

ICI drifted progressively lower in the absence of support

The Electrical leaders settled

FINANCIAL TIMES STOCK INDICES Feb. Feb. Feb. Feb. Feb. Feb. year 18 18 18 14 13 12 11 ago 63.91 63.97 63.63 63.36 63.49 63.50 67.03 ...' 270.5 279.9 964.7 277.2 970.1 991.1 818.3 Fixed Interest.....

- 218,2 226,8 170,0. 216,1 206,8 138,4

10 am 976.3. 11 am 975.3. Noon 975.2. 1 pm 973.9. 2 pm 973.2, 8 pm 972.5, Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35.

Gold Mines 12/9/55. BE Activity 1974. N/1-10.48.

HIGHS AND LOWS SE. ACTIVITY							
-	1984	65 :	Since Co	mplietin	ļ	Feb.	Feb.
	Nigh -	Low	Hish	Low	Calty		$\vdash$
Govi Becs.	85.77	74,72	127.4	49,18	Bargains, Equities	142,2	
Fixed Int	87,46	60.4e		30,53	Sargaine Value Sday Average	839.0	940.4
Ordinary	1024,6			49.4	Olit Edged	142.9	144.2
Gold Mines	711,7	459,3	734.7	43.6	Bargaine	144,9	150.2

Among secondary stocks, buying Among secondary stocks, buying interest revived in Goring Kerr, which advanced 10 to 550p, with Tace rising 21 to 418p in sympathy. Weekend Press mention stimulated demand for Quest Automation, 4 higher at 55p, and contract news left Telemetrix a few pence harder at 537p.

Business in the Engineering loaders was at a low ebb and, guotations closed little altered. Elsewhere, revived bid speculation litted Haden to 2400 before a close of 232p, up 16 on balance. Favourable Press mention left Walker and Staff 5 higher at 35p and BTD 3 dearer at 22p. Stothert and Pitt, roflecting demand abead of next week's interim statement, firmed 6 to 182p. Weir Group continued to make progress at 474p, up 2, but C. H. Balley ran back 11 to 13p on a newaletter "sell" recommendation.

Food were once again high-lighted by takeover fevourits United Biscuits which moved ahead strongly to close 7 higher Thorn KMI edged up 3 more to 453p, while a report that CEC at a 1984/85 peak of 221p. Rowal was among the bidders for the Yarrow yard left the former a slipped 5 to 370p in the absence due on March 6, settled 10 down Yarrow yard left the former a supped 3 to 3 up in the due of further buying interest, while at 8200, after 5160. Commercial couple of pence dearer at 194p. of further buying interest, while

recent American favourite Cad-bury Schweppes softened a couple of pence to 173p. S. & W. Berisford were a firm markst cum dividend and rose 4 to 175p, but 6 fresh bout of scrappy sell-ing clipped 12 from Avana to 593p. Renewed demand in a restricted market lifted Bernard Matthews 15 to 285p, whils fevourable comment helped :: Canvermoor rise 5 to 75p. recent American favourite Cadfevourable comment he Canvermoor rise 5 to 75p.

Garfunkels Restaurants fall B to 210p following e vendor plac-ing to finance e property ocquisition.

Oceanional selling and lack of support made for a drab session in the miscellaneous industrial in the miscellaneous industrial isaders. BTR drifted lower to close 12 cheaper et 630p, whils BOC, a good markst last week on first-quarter figures, gave up 7 to 288p. Beecham closed e like amount lower at 350p. Reed International fell 10 to 554p and Hanson. 4 to 205p. Kisewbere, lattial moved up 20 to 548p. awaiting naws from the Monopolies Commission on BET's offer, but Mauchester Ship Casal, a strong markst recently on the announcement of on the announcement of Highams' stake in the company, encountered profit-taking and gave up 27 et 301n. Profit taking

gave np 27 et 301p. Profit taking left Brook Street Bureau 6 lower at 115p and TSL Thermal Syndicate 7 off et 205p. Favour-ebls comment prompted a gain of 10 to 33p in USM-quoted Ecobric, while renewed demand ahead of tomorrow's proliminary figures left Weterford 2; to the cond at 48n The lignification of figures left Weterford 2; to the good et 46p. The liquidation of speculative bull positions caused a reaction of 2 to 14p in Transweed, but Low and Bonar hardened a faw pence to 302p following news of orders worth around £28m. Dealings were temporarely suspended in Wheelock Marden, at 76p, following the counter-offer from YK Peo. Among other Hoog Kong stocks, Jardine Matheson odvanced 18; to 121p on rumours that Angle American Kong Land's stake in Jardine Matheson.

\$880° e \$300° 20 \$300° 95 \$325° 95 \$340° — \$350° 40 \$360° — \$300° 194

port on favourable Press comment and rose 7 to 180p; tho latter's interim results are due Thursday.

Worries that the U.S. government may introduce import curbs aroused further of Jaguar which fell throughout to close 15 cheaper at 320p. Elsewhere in Motors, a finrry of speculative demand lifted Flight Refuelling

demand lifted Flight Refuelling to 335p before a reaction set in and brought e close of 2 off oo balance at 315p.

Among Publishers, Fleet Heldiags revealed mid-term profits in excess of market estimates and touched 272p before settling 3 np an balance et 268p. Recent speculative high-flier, Aitken Hume, advanced to 200p in the sarly trade hefore finishing at 193p—a net gain of 12—oo the announcement that the company is currently iovolved in talks

announcement that the company is currently lovolved in talks with Flact which "might form e mutually heneficial association." United Newspapers which presently controls just over 20 per cent of Fleet, shed 10 to 368p amid thoughts that its stake would be diinted by a Fleet/ Aitken merger. Addison Communications and Michael Page, currantly the subject of a proposed marger, rose 10 epiece to 290p and 390p respectively; both concerns are scheduled to announce interim results today. Among Properties, MEPC came under fairly persistent selling pressure and fail 8 to 297p. Land Securities lost 4 to 294p, while Peachey slipped 3 to 244p ewaiting today's annual results. Hammerson A closed 10 down at 500p, after 495p; the

results. Hammerson A closed 10 down at 500p, after 495p; the Bank of Scotland 1975 pension fund schems has increased its stake to 12.6 per cent. Ethewhore, Trafford Park Estates ettracts further interest end firmed 5 to 217p, while Alfred Walker edded 3 to 88p io a restricted markst. Hong Kong Land put on 4 to 57p on far-castern influences, while Austmark gained 31 to 24p following Press commant. Trencherwood firmed 4 to 192p in reply to satisfactory annual results. to satisfactory annual results.

#### Falcon Res. active Milford Docks, one of last week's outstanding speculative issues, encountered profit-taking

and ran back 12 to 83p; the com-pany has agreed to sell Milford Haven dry dock to Towar Mari-timo and Trading for an undisclosed sum.

Speculative demand provided few noteworthy features among a few noteworthy features among Financials. Favourable Press comment lifted Ivory and Sime 5 more to 109p, while Ewaku, due to announce interim figures today, edvancéd 5 to 25p. Bonns-bond ruse 5 to 23p. JUNE quoted. Premetiens House, unchanged at 25p, is bidding for the former via a 1-for-1 share exchange issue. In contrast, sporadic profitissue. In contrast, sporadic profittaking left Exco International 18 lower et 635p.

neglected and tended to ease across the board despits marginacross the board despits margin-ally firmer crude oil spot prices. BP were finally 8 off at 565p and Shell 3 easier at 580p.

LASMO ettracted good sup-port initially, inspired by favourable Press comment, and suged up to 388p before easing back to close a net 5 lower at 380p.

Golds, firmer

Courtently fashlonable Falcon
Resources were the subject of
diverse wasekend Press comment
and opened sharply higher at
437p before dipping to 419p and
closing e net 12 better at 424p.
A drilling report from the U.S.
boosted Great Western
Resources which touched 280p
prior to settling a net 20 higher
at 270p. Elsewhere favourable Kong Land's stake in Jardine Matheson.

Among Leisure issues, speculetive counter Riley mot profit taking and shed 6 to 55p, but 465p, and Southwest Resources, Media Technology attracted sup-

Sept.

17 14.50 11.80 B

6 10,80A 8 15,60 A 85 8,10

2 17.60 21 18.50 8F1.171
2 17.60 21 18.50 8F1.171
25.5 10.90 11 18.60
43 4 6 20 F1.217
205 3.50 51 5.70 F1.154.80
4 1.50 1 2.90 F1.74.60

13

Oct

7,20 7,70 6,20

22 4,70 7,54,50 22 4,70 7,54,50 - F1.157 4 18.70 71.879 - F1.890 12 3.70 71.69,30 15 1.80 16 8 71.803,80 25 5.50 2 8.70 71.75,40

. 9

F1.156,00

FI.75.40

F1.888,40

| B0 | 46 | 61 | 54 | 01<sub>2</sub> | 100 | 36 | 41 | 44 | 01<sub>2</sub> | 100 | 65 | 511<sub>2</sub> | 56 | 01<sub>3</sub> | 110 | 10 | 22 | 28 | 01<sub>2</sub> | 120 | 81<sub>2</sub> | 15 | 191<sub>3</sub> | 1 | 130 | 01<sub>2</sub> | 2 | 151<sub>2</sub> | 6 | 140 | 01<sub>2</sub> | 41<sub>2</sub> | 9 | 151<sub>2</sub> |

**\$306** .

\$630 F1313,23

**EUROPEAN OPTIONS EXCHANGE** 

25

2,50

Mar.

3 1.50 A 01 2.50 A 26 4 A

25 4.10 25 4.10 201 14.50 9 82 1.50 12 18.50 329 2 104 0.40

AMRO P
BIST P
HEIH O
HEIN P
HOOG C
HOOG P
KLM G
KLM G
KLM P
HEDL C
NEDL P
NATN C
NATN P

PETR C
PHIL C
PNIL P
RO C
RD P
RD P
ROBE C
ROBE P
UNIL G
UNIL F

3.27 3.27 3.24 3.10 3.11 3.85

FI.150 82 1.50 7 6 7 7 7 7 80 7 7 80 7 1.50 82 1.50 8 8 1.50 7 7 8 1.50

A=Ask 8=Bid C=Call F=Put

TOTAL VOLUME IN CONTRACTS: 11,289.

13 6,60

June 15 45 e 258 g 12,505 1 110,20 189 7,60 122 2,20 91 6 145 3

41 | 5.90 0 | 5.80 A 4 | 11 6 | 18.60 A

July

west's new nil-paid were finally 3 harder at 14p premium, after 18p oremium.

A firm opening by the bullion price, refiseting the initial assier trend in the dollar, gave a major boost to gold-related sectors of mining markets at the outset of trading. However, a gradual recovary in the U.S. currency during tha day took the skine off the metal price and share prices alike.

Bullion traded np to the \$306.50 mark early on but subsequently drifted beck to close o net 25 cents up at \$304.5 an ounce.

Business in South Golds was much reduced by the closure of U.S. markets and the marked ebsence of any Continental in(erest. At the close of ental interest. At the close of trading most issues were well below their opening levels but gains remained sufficient to produce a 15.6 rise to 511.4 in the Gold Mines index which has risen over 40 points during the next few trading sessions.

risen over 40 points during the past five trading sessions.

South African Financials were mixed with De Beers 4 off et 438p and Geneor 2 cheaper at £12 Gold Fields of South Africa, on the other hand, made progress and settled 2 to the good et £124, helped by the good gains in Golds.

Platinums managed modest improvements. Impala hardsoed 1 to £114 ahead of the interim results which were not known during market bours, while Rustenburg edded 17 et 775p.

London-based Financials attracted modest profit-taking and Rio Tinto-Zine closed 15 lower et 655p.

lower et 655p.
A strong showing by Sydnsy and Melbourne marksts overnight prompted a widespread mark-up of Anstralian isseus at the outset. However, little business developed thereafter and most issues eased a shade to close with modest gains on balance. Samantha Exploration fall 5 to 52p following reports that Barrack Mines has conceded cootrol to the Eastern Petroleum/Black Hill Minerals camp. Subdued conditions in the

underlying securities hindered activity in Tradad Options. Oils were the noteworthy exceptions, Lasmo attracting 1,222 calls, 518 in the sooo-to-expire February 360s, 3 dearer at 23p. Shell Transport recorded 453 calls, the Transport recorded 453 calls, the majority of which were struck in the April 750s. An evenly-balanced business developed in Jaguar with 445 calls and 420 puts transacted. Put trading was otherwise dominated by Lourho, which fetched 492 trades, 381 in the May 180s.

#### **NEW HIGHS AND**

LOWS FOR 1984/5 NEW HIGHS (107)

NEW LOWS (18)

BANKS (1) CHEMICALS (1)

PUILDINGS (2)

Besonk Business Computer PROPERTY (1) Control Secs. Stiffpring (2)
Common Bros. TRUETS (1)
Frost U. J. 2. D. MINIS (2)
From Hill Gold Gopens Scrind

**EQUITIES** 

**FIXED INTEREST STOCKS** 

RECENT ISSUES

\$101 £51 15/2 54 50 Felixstowe Dock Prf. Units †				_				
91.574 £50 104 3414 37 African Dev. Bank 1118 Ln. 2010	price	do do	Tune.			Stock	E S	<u>,</u>
79 F.P 115 110 Beazer (C. N.) 8122 Uns. Ln. 2000. 111 5101 CS1 15/2 D54 50 Feblixtowe book Prf. Units 1 61 F.P. 22/6 10234 99 Graycoat Offices 12.52 Uns. Ln. 1996-92 102 +		1 5 2	350				8 5	-
[99, 199,025] 16/3 2874 S4 s.Lon. Shop Prop. 11歳1年 Mort. Deb. 3618   2514   15 106   Mountleigh 對2 Conv. Unsec. Ln. 2005   107     15 106   Mountleigh 對2 Conv. Unsec. Ln. 2005   107     15 10   15	\$101 #85,81 199,199,	F.P. 651 F.P. 630 625 F.P. F.P. Hill	15/2 22/6 18/5 16/3 13/2	113 64 1025, 30 la 2974 115 9966 9972 2ppm	110 50 99 94 94 105 985e 29/2 72pm 3ppm	Beazer (C. N.) 61/2 Uns. Ln. 2000	111 61 102 984 254 107 99% 89% 10pm	+ 1, - 1, - 1,

"RIGHTS" OFFERS

issue	do ch	Latest Renunc.	1984	/85	Stock	Olosing	+.
price	A	ciate	Nigh	Low		용트	-
370	HIJ	4/4	98pm	78 <sub>0</sub> m	Bunzi	72 om	
88	Nii	22/5	80pm	16pm	First Castie 10p	16pm	-2
150	HII	19/3	140m	110m	McCorquodale	14pm	į
80	NII	22/3	16pm	3pm	Newman-Tonks	5pm	<b>—1</b>
100	NII	-	1220m	119pm	New Tokyo Inv. Tat. 50p		:
66	F.P.	11/2	48	484	Premier Cons. Sp	48pm	
66	MH	-	150m	14pm	Pres. Entertainments50p		
32	Nit	29/5	2pm	7pm	Renold	7pm	;— I
210	NE	9/4	48pm	250 m	Royal Bank of Scotland	25pm	i-2
660	NII	21/3	3750m	150pm	Samuelson Grp. £1	330pm	1
551	MII	-	14pm	30m	ASangers	3pm	-1
40	NJI	08/3	13pm		#Southwest Res. 40p	13pm	+2
1812	HIN.	27/5	130m	20m	Westwood Dawes '8' 18 ap	8pm	i

RISES AND: FALLS FRIDAY'S

**ACTIVE STOCKS** Corpns, Dom, & Foreign Bonds ,... Industrials ,.... 230 257 B46 89 136 321 31 27 65 4 1 12 73 28 78 64 63 87 Pinancial & Props.

Stock c
Felcon Res .....
Jaguer (James)
Lex Service ...
Aitken Nume ...
Assoc, Fishenes
Hilledown ...
Impenie Group 599 634 1,456 OPTIONS: Imperial Group BAT Inds. ..... BTR First. Last Last For Dealings lass them ment feb 18 Mar 1 May 30 June 10 Mar 18 Mar 29 June 27 June 28 Mar 18 Mar 29 June 27 June 27 June 28 For rute indications are under the second of the second o

For rate indications see end of Share Information Service
Cali options were arranged in Energy Capital, Atlantic Resources, John Brown, Immediate Business Systems, J. E. England (Wellington), James Halstead, Bula, Gibbs and Dandy A, Apptied Holographics, Great. Western Resources, Logica, Aitken Hume, Falcon Resources, Soliacourt, Trafford Park Estates; Albert Fisher, North Kalgurit, Magnet and Southerns, Extel, James Finlay and Turner and Newall. No puts were reported, but doubles were transacted in Dunlop, Aran Energy and Tranwood. **ACTIVE STOCKS** 

Feb. 18 Total contracts, 6,236, Calle 5,201, Puts 5,037, Underlying security price.

**LONDON TRADED OPTIONS** 

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY					Mon Feb 18 1985			Fri Feb 15	Feb. 14	West Feb. 13	Tes Feb 12	(abbum) abo Acas.		
F	igures in parenth stocks p	eses show er section		•	ledes No.	Charge Charge	Established (Max	7	Gross Die, Yiekt% (ACT at 30%)	Est. P/E Raig (Net)	lades No.	ladex No.	index No.	inciex Re.	laiden Mo.
1	CAPITAL EGG				534.14	-0.4			4.00	12.47	532.00	534.57			
2	<b>Building Materia</b>		(20)	-1	485.95 712.68	-0.6			513	9.42	400.05 717.05	403.61 725.64	497.64 736.44		
3	Contracting, Cos Electricals (15)		(UC)		1533.12	-11			4.87	12.83	1547.53				
3	Electronics (36)				1657.30	+84	81	15	2.95	14.50	3545.26	1465.33	3636.86	3623.03	3668.88
6	Mechanical Eng				288.36	-84			446	18.32	290,61	297.82			
8	Metals and Meta Motors (28)	i Formin	g (8)		176.17 155.91	-0.8 -1.4			7.37	9.41 11.06	177.61 158.13	177.51			250.85 133.40
9 10	Other Industrial	Material	(40)	1	27.57	-12	5.7		3.26	21.94	376.6E	907.47		703.25	613.82
22	COMSUMER CO	LOUP (LI			623.70	<b>-0.5</b>	9.3		3.85	12.89	623.37	632.26	629.19	626.27	47449
22	Brewers and Dis	tillers (23	5)		560.98	-22 -03			457	19.74	573.29 506.54	575.65 500.34			465.66 304.10
25 26	Food Manufactor Food Retailing C		***********		507.24 1444.54	-84			244	20.13	1442.97	1/5434			
27	Health and House		ducts (9)	_ (i	1903.19	-14	5.0		2.65	20.67	1817.64	1026.72	1025.76	1013.13	715.23
29	Laleum (22)				606.50	-0.1	8.1		4.76	16.10	687.48	604.07	675.95		643.79
32	Newspapers, Pol Packaging and P	hiishing C	12)		1680.88 307.52	-0.3	12.		4.38	18.61	368.78 368.76	1447.05 307.34	366.87		1252.95 243.09
33 34	Stores (45)	aber cta	·		533.64	-82	7.4		3.50	15.82	534.65	535.17	533.84	338.30	422.89
35	Textiles (19)		<u> </u>		323.34	-0.8	12.1	13	4.35	9.35	326.06	324.76	324.13		273.61
36	Tobaccos (3)				943.42	-1.9	13.4		412	8.26	968.05	906.91	772.83	962.62	531.45 433.86
41	OTHER CROUP Chemicals (17)	<b>5 (97)</b>			667.03 810.40	-84 -13	12	31	3.91 4.05	11.51	673.25 821.10	677.83 829.33		673.61 823.67	605.26
42 44	Office Equipmen	(4)			178.90	+0.2	8.3		4.67	14.58	176.60	179.43	177.69	130.13	137.19
45	Shipping and Tra	insport ()	37	1	1204.95	-0.7	. 7.4		4.40	16.39	1117.25	1128.07		1187.40	87L83
46	Miscellaneous (6	D			837.94	-03	12		3.32 4.12	15.67	784.50	787.22	237.00 723.27	780.87	545.44 LD.
48	Telephone Netw				790.57 629.18	-0.5 -0.7	. 24		3.00	13.12	623.49	-		621.24	471.87
49	INDUSTRIAL &	MUUP (1	<u> </u>		223.04	-0.9	14.2		6.12	8.71				1174.57	
<u>51</u>	0ib (17)	EV /Eng	1		667.80	-0.7	10.7		A22	12.71	674.71			49.35	525.25.
61	FIRANCIAL CR				442.42	-1.2	1 =	7	5.00	-	447.63		464.77	451.42	379.74
62	Banics (6)				<b>64.92</b>	-1.0	18.4	15	6.20	6.86	459.35	463.77	467.45	469.29	<b>WLII</b>
65	insurance (Life)	(8)		}	597.33 308.40	-1.5 -1.9	1 -		4.54	_	314.60	480.07 314.06	508.34 315.83	316.11	203.33
66	Insurance (Comp Insurance (Broke	calte) (7)			104.78	-4.7	6.5	7	3.23	19.90	ILIAM	1136.57		1135.30	636.53
67 68	Merchant Bards	(12)			235.55	-0.7	1 -		4.55	-	237.28	238.84	230.00		247.76
69	Property (51)				620.73	-1.1	- M		3.58	34.41. 13.30	627.40	428.55 292.64	627.74 290.67	626.46 292.50	534.85 274.77
70	Other FinancialC				287.15	<del>-04</del>	9.0	7	3.10	13.30	290.96 627.97	624.94	629.36	629.79	4335
71	Investment Trust				292.45	-17	9.7	4	58	13.00	304.45	302.00	360.87	298.28	311.58
81	Mining Finance ( Overseas Traders				662.46	-0.5	9.2		6.40	13.69	445.51	646.33	459.86	642.80	579.99
99	ALL-SHARE IN		)		612.20	-0.8			4.31	1	676'38	629.16	.635.57	613.36	490.86
<del></del>					lodex	Day's	Day	'sT	Day's				_ · · ·		
					No.	Chang	e Hig		Low			-	-	1273.0	
$\neg$	FT-SE 100 SHAL	E DADE	X	l i	268.7	-12.8	11278.	7 )1	243		1231.5	1297.5	1242.0	1275.5	
-						-						1	Most .	FH	Year
	EI	KED I	INTE	RE	ST		- 1		KEDE	APTION	YIELDS	1.	Feb 18	Feb 15	100
	2 14						- 1						<u>.</u>		
		<u></u>	1	F		-	-		Britis	L Gavern	ment				
	PRICE HIDICES	Mas Feb	Day's	Fe	. 10	day 1	1985	1 2	Low		years		10.04	11.47	9.63
	1 <del>)   1   1   1   1   1   1   1   1   1   </del>	18	%.	1	5	-1	io dele	. 3		25			26.42	19.38	9.42
	with Greenwat			Τ				4	Medius	. 5	years		11.94	hB	18.86
- 1		136.30	-0.21	116	34   <u> </u>	-· }	1.20	5	Coupon	25			11.27	11.21	38.71
	5 years	125,73	-0.37	126.		<b>45</b>	2.61	6	High	2			12.57	11.97	11.00
-1	5-15 years	131.59	-0.51	133		49	144	8	Coupon	a 15	years		11.46	11.90	19.87
-,	Over 15 years	145.78	-0.56	146			400	9		25	30012		10.78	28.71	9.74
-1	irredocrables		-0.34	125		<b>30.</b>	144	_10					1922	12.23	11.41
_5]	All stocks	125.89		-		<del></del> +		11			5 years.		12.66	12.12	11.59
6	Debenberes & Leans	106.96	-8.12	107.	06 -	-	8.48	13			25 years		12.83	11%	11.61
		75.75	+8.17	75	65 -	. ]	1.16		Prefere	900			12.96	12.97	11%

Financial Times Tuesday February 19 ENGINEERING Continued ENGLISHER, 1969

Bank P. L. 1979

Bank P AMERICANS-Cont. LONDON SHARE SERVICE Price + or Div YM 1964-85 : (High Low: 60c 151.41 51.20 56.00 51.44 BEERS, WINES Cont. FOR 1984-35 High Low 75 - 10 - 10 73 - 7.1 - 30 - 24 EQUITIES & BONDS 280 | 220 | Voseg Bree 'A' 500 | 220 | ... | 15.5' 2.0 | 1.6 | 19.5' 120 | 120 | 120 | 120 | 145 | ... | 15.5' 2.0 | 5.4 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12.5' 120 | 12. Durrant House, 8-13, Chrswell Street, London EC1Y 4TQ Telephone, 01 588 4872 Telex, 883336 ICHILD INDUSTRIALS (Miscel.) 251 186 | AMFEC SQL | 198 | -1 |
262 137 | AMFEC SQL | 198 | -2 |
263 146 | Ackeres SaseWik 5p | 200 | -1 |
264 157 | AMFEC Plant 5p | 200 | -1 |
265 127 | AMFEC Plant 5p | 200 | -1 |
265 127 | AMFEC Plant 5p | 200 | -1 |
267 128 | Amerika Hilligs | 22 | -2 |
268 | Amerika Hilligs | 22 | -2 |
269 129 | Amerika Hilligs | 22 | -2 |
270 129 | Amerika Hilligs | 22 | -2 |
271 129 | Amerika Hilligs | 22 | -2 |
272 | Eakery Read 10 | 22 | -2 |
273 129 | Amerika Hilligs | 22 | -2 |
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275 127 | Eakery Read 10 | 22 | -2 |
276 128 | Amerika Hilligs | 22 | -2 |
277 | Eakery Read 10 | 22 | -2 |
278 | Eakery Read 10 | 22 | -2 |
279 | Sale Green (H. J.) 10 | 70 | -2 |
280 128 | Sale Green (H. J.) 10 | 70 | -2 |
281 128 | Amerika Hilligs | 200 | 550 |
282 | Sale Green (H. J.) 10 | 70 | -2 |
283 128 | Amerika Hilligs | 200 | 550 |
284 | Sale Green Lane | 200 | 550 |
285 | Sale Green (H. J.) 10 | 550 | 550 |
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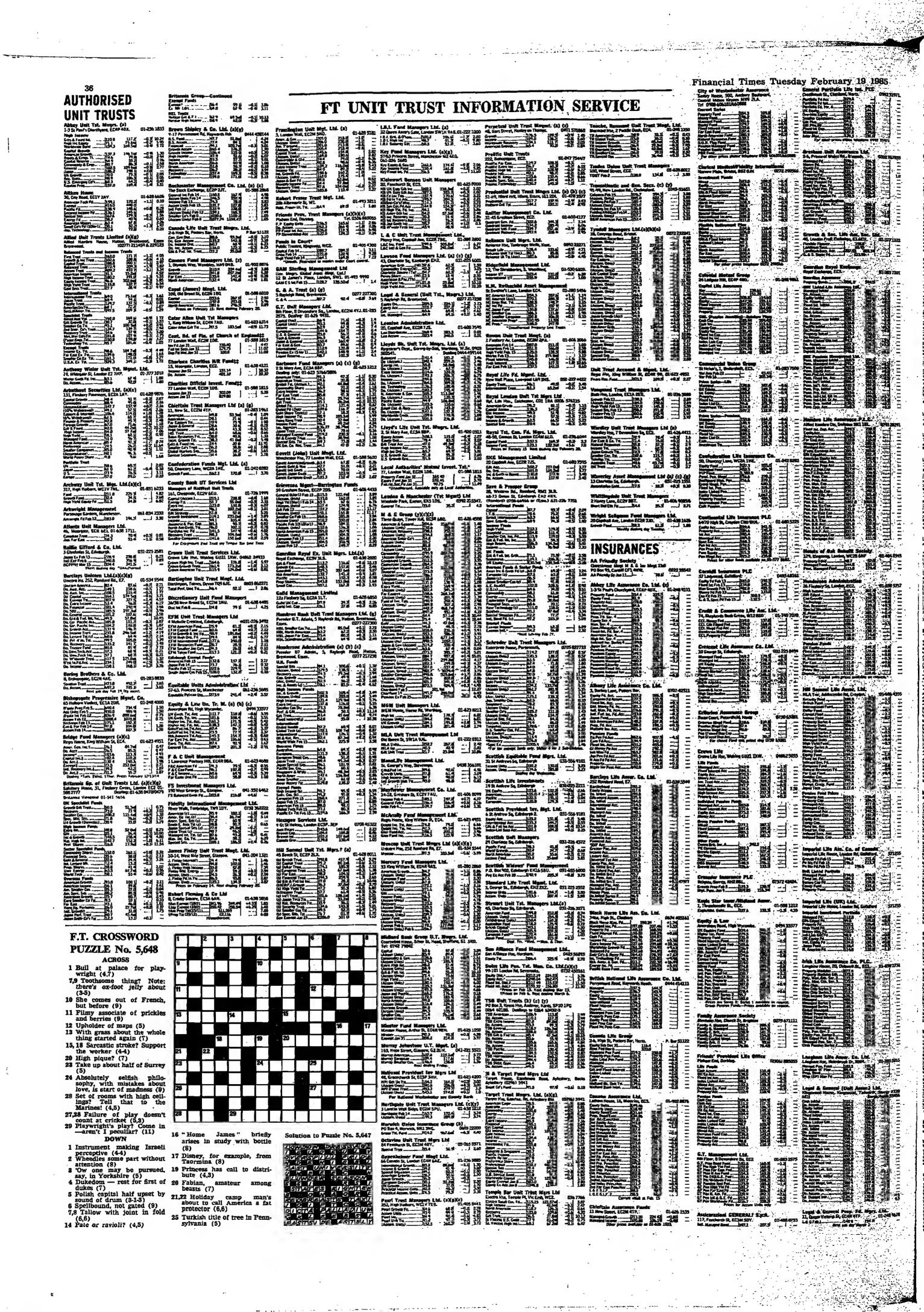
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Financial Times Tuesday February 19 1985 **INSURANCE, OVERSEAS & MONEY FUNDS** -04 -04 -04 -04 180.2 150.4 1.00.4 1.250 103.11.4 22.67 1.04 1.04 10.01 \_\_l 12.005 l ....l \_ attish Equitable Life Assec. Sec. 051,556 9101. OFSHORE AND OVERSEAS

OF SHORE AND OVERSEAS

Hope of end

to deadlock

farm agency

By Our Commodities Staff
A YEAR OF Medities between
the United States and Open
countries over financing the
UN's small from secrety could
be settled at a meeting in Reme

be settled at a meeting in Reme later this month.

Telr international Pixed for Aricultural Development is perflously close to raughne out of money. After talks on an \$800m repleatament. Inoke down in October, its president, for its president, decided not to call for another meeting until he felt there was a chance of an agreement. That a meeting has now been called in seen by frind affireties.

a meeting has now been called is seen by fund officials as a hopeful sign.

Western and Opec premises, which jointly finance the agency want to give like less een though the fund the won praise for its work in helping small farmers and the rural poor that other agencies often bypass.

over UN

## Copper prices rally as stocks decline further

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES rallied on the London Metal Exchange yester-day, reflecting the weaker trend in sterling and yet another decline in warehouse stocks.

The latest fall means that copper stocks held in the LME warehouses are at the lowest level since November 1981. If they decline still further below 106,800 tonnes, as seems more than likely, the stocks will be the lowest rount since 1974. at the lowest point since 1974. During the past year the LME copper stocks have dropped by 300,000 tonnes and this has provided a steady undertone in the market.

Yesterday the gap between the cash and three months prices for higher grade copper narrowed sgain as the market recovered from the sharp shake-

out on Friday.

The cash price for zinc rose to a new 10-year peak as the shortage of immediately available according to the peak as the shortage of the peak as the shortage. able supplies tightened.
Although LME warehouse Although LME warenouse stocks of zinc rose last week, the increase was entirely in high grade zinc supplies. In fact there was a decline of 775 LONDON METAL EXCHANGE WAREHOUSE STOCK (Changes during week ending Feb. 15)

-3,750 to 109,050 -975 to 55,200 +594 to 5,844 -280 to 21,815 +250,000 to 53,004,000 (ounces)

tonnes in standard (good ordinary brand) zinc on which the existing LME contract is

Manila correspondent writes: Copper cathodes pro-duced by the Philippine Asso-ciated Smelting and Refining Corporation (Pasar) have been approved by the London Metal Exchange for trading from this week, the company announced

yesterday.
Pasar said it hopes to compete with internationally known cathode brands from Zamhla

#### Eastern bloc wool output 'set to rise 4% by 1990'

BY ANTHONY MORETON, TEXTILES CORRESPONDENT WOOL PRODUCTION in Eastern affected by rising costs and a Europe is expected to go up 4 per cent in the next five years

4 per cent in the next five years to 290m kgs, acording to a report by the International Wool Secretariat.

Output last year reached a record 279.6m kg ou a clean basis, but the slow growth forecast to 1990 is because unfavourable climatic and geographical conditions seriously limit any significant expansion.

Much depends on the Much depends on the Russian wool industry, one of the world's biggest, dominating the East European scene and accounting for three-quarters of

the output. Soviet output has been

shortage of feedstuffs for its sheep. Its output is expected to fall slightly to 215m kgs.

However, Czechoslovakia, East Germany, Poland and Romania bave all been pursuing policies to boost the numbers on their farms and it is likely their production will go up.

Continuation of these trends should lead to a higher level of wool use in the medium term according to the IWS.

Wool in the USSR, Easter Europe and Yugoslavia in 1984. By D. E. Morris. From IWS, Centre International Rogier, 1210 Brussels.

#### London tea prices continue to fall

By Our Commodities Staff

NCREASED OFFERINGS en-INCREASED OFFERINGS en-couraged tea prices to fall st yesterday's weekly London auction for the fourth week in succession. Average prices for the 41,477 packages on offer (up from 39,587 last week) were down for all quality grades.

Quality tes averaged 306p a kilo, down from 310p last week and 340p four weeks ago. Medium grade fell 13p to 262p a kilo and low medium 21p to 214p. 214p. Assams met with a 'more

Assams met with a more selective enquiry" and shed 10p to 15p a kilo, the Tee Brokers Association reported. Bangladesh teas lost 10p to 20p a kilo with higher quality offerings bolding up better.

There was fair support for Africans but prices were 10p to 20p a kilo easier except for a few brighter offerings, which showed little change.

Ceylon teas were generally 10p to 20p a kilo down though a few selected lines were firm. NEGOTIATIONS aimed at thrashing out 2 new price stabilisation agreement for cocoa will begin in Geneva today. Tha talks were scheduled to start yesterday but the opening has to be postponed because the price of the t heavy snow in Europe delayed the arrival of many delegates.

 SALES of high fructose corn syrup in the U.S. are expected to climb by 17.6 per cent this year as major bottlers replace sucrose in their soft drinks, according to F.O. Licht's International Sugar Report.

• POOR RAINS in December and January have cut India's oilseed and pulse crops and the country will have to import more edible oils this year than a record 1.66m tonnes imported in 1983-84, local traders said.

• UK GRAIN intervention stocks on February 16 stood at 3,449,581 tonnes, np 61,235 on the previous week's figure, the Home Grown Cereals Authority said. This compares with the relatively light volume of 736,115 tonnes in intervention stores at the same stage of the season last year.

## EEC farm threat angers Australia

formers are angry at the EEC carse grain sales.

is an understatement. Everyone I have met in Western the pooling arrangements for Australia is convinced that by dumping its surplus food mountains in markets the Australians previously thought of as their own, tha European community is out to destroy not only the livelihood of Australian previously thought of any the livelihood of Australian previously thought of as their own, tha European community is out to destroy not only the livelihood of Australian previously thought of any the livelihood of Australian previously thought of any the livelihood of Australian farmers are against 6.7 tonnes in Britain last harvest. While Australian farmers receive much the same price as British farmers, they have to carry the cost of training at the port.

There is talk of possible wheat quotas, last used to limit the farmers' price.

There is little free trading in one I have met in Western Australia is convinced that by dumping its surplus food mountains in markets the Australians previously thought of as their own, tha European community is out to destroy not only the livelihood of Australian farmers, but of much of the economy as well.

In spite of publicity about its In spite of publicity about its mining and raw material resources, farming still provides nearly half Australia's overseas earnings. Farmers do not complain of the community's protectionist policies, which have closed Europe to most Australian food exports—after all, Australia is protectionist too—bot they are partionist too-bot they are par-ticularly bitter about threats to

BY DAVID MARSH IN PARES

and Beghin-Say of France, two

of Europe's biggest sugar

groups, plan to build a large-scale plant in Louisiana, U.S., to

produce ethanol from surplus

The plant, a possible fore-runner of facilities in Europe to produce ethanol for adding to

lead-free petrol, is planned to come on stream at the begin-ning of 1987 at a cost of about

Beghin-Say produces a small amount of athanol in France using molasses from its sugar business. It believes demand in

the EEC for ethanol as a petrol

additive to increase the octane

rating will grow markedly fol-lowing the decision to phase

sanctions against European im-

FERRUZZI-ERIDIANA of Italy out lead in petrol on health feedstock, but other grains can

So far, however, in France no

industrial policy exists to en-courage ompanies to make use of surplus stocks of sugar or

grain by transforming them into ethanol.

partners wil have a 15 per cent

Sugar groups in ethanol plan

Farmers' viewpoint: John Cherrington reports from Western Australia

grain. The Wheat Board has the statutory right to market wheat and a farmers' organisaports, such as aircraft. There is no government support for farm prices except for limited aid for wheat and as farmers are not particularly popular with the public, they are feeltion, Co-operative Bulk Handling, financed by levies on throughput, provides grain storage and export terminals. Grain is paid for according to quality. Few farmers seem to

ticularly bitter about threats to sell grains, beef and sugar in Asia and the Pacific area at prices so low that Australian exports could not compete.

It must be said that at the moment the prospect is more threatening than real. No one threatening than real. No one threatening than real. No one wheat belt are very cost efficient pinpoint a specific sale that has been lost. Wheat earnings are holding up thanks to the atrength of the U.S. dollar in which it is priced. Barley is being offered at a discount over last year, but this is a precautionary move by the simple of the U.S. dollar in which it is priced. Barley is being offered at a discount over last year, but this is a precautionary move by the simple of the U.S. dollar in which it is priced. Barley is being offered at a discount over last year, but this is a precautionary move by the

serious cereal exporter, some such system would be well-worth a look. Instead of the rather haphazard way UK grain is handled at present, with markets dominated by Inter-national shippers.

According to a survey by Anstralia's Department of Agriculture, some 10 per cent of

meeting debt servicing commit-ments and this is after a very good harvest. Had yields been nearer normal, it is estimated that 30 per cent would be in difficulty. There are certainly plenty of farm clearance sales advertised, far more than in Britain at present. But Australian farmers don't die on the tob, and like to retire in town or by the sea after years of hard work.

cent at present—and tising machinery costs because of high industrial wages, make it diffi-cult for farmers who have had who did not borrow or reinvest may be able to withstand considerable belt-tightening.

Looking at the situation as a farmer, I thought the pessimists had a point. Because the lack of moisture limits yields inputs of fertiliser and seed are tiny compared with those in Britain. If Britain is to become a But machinery costs; culti-vations and the necessary chemicals and fungicides, how-

ever sparingly used, are probably more expensive than in Britian. I doubt then if Australia's lower yields will be able to cover these costs as yell as those of the much ligher yielding British and European farms.

poor that other aggicles often bypass.

Since it was set in 15, 1977. If ad has lent over \$1.00m to 160 projects in \$4 countries. After lending \$30m for new projects last year If all now has only \$90m left.

However, the demand for Ifad's services, particularly from African countries, is heavier than even before, with governments seeking longer term finantial assistance.

Opec countries believe that the fall in oil prices means their contribution of 42 per cent of Ifad's funds should be lower and that the U.S. should contribute more. tribute more.
The U.S. however, wants to

cut its own donation to the fund from \$190m to \$150m. Six replenishment meetings to 1984 failed to overcome the disagree-Most western European gov

ernments favour a compromis under which a target of slightly less than \$800m is set, with the West and Opec paying the same per centages as before.

Italy, Sweden, and Finland have amounced voluntarily con-tributions of \$13.2m to help the fund continue its lending in 1985. Mr. Jaziry said that this was the best proof of confi-dence in Had and flexibility in they are unable to procure hite 1985. Mr. Jaziry said that this for full-scale operations and was fire best proof of confidence in Ifad and Beribility in that most of their goods are in the approach to a final agree-possible to sell.

#### LONDON MARKETS

COCOA PRICES on the Lon-COCOA PRICES on the Landon futures market firmed yesterday following last week's heavy fall. The steadier trend in New York on Friday hight encouraged a modestly higher opening and sterling's renewed weakness against the dollar led to

further small gains. The May delivery position ended the day at £2,146.50 a tonne, £12 up from Friday's close. At 1,634 lots of 10 tonnes, turnover was low but this partly reflected the closure of the U.S. market for Washington's hirthday and holldays on the continent.

Profit-taking after Friday's New York-led rise trimmed sugar futures prices and the May position closed \$1.80 down at \$122.30 a tonue. Coffee futures drifted a little early on in quiet trading but most oftha lost ground was made by the close.

COPPER COPPER Official - Unolficial -£££a High Grde Cash 1281,5-2,5-14.2 1230.1 +12.0 5 months 1684 + 5.75 1211.5 +9.8 Settlome 1 1282 - 5 Cathodes 1 1282 - 5 1283.1 1455

athome. 1280-2 — 1,5 128-31 +14,5 months 1227-705 -5,5 1305-8 +2,5 attion 1, 1282 — 1,8 Amalgameted Metel Tmding reported that in the merning three menth higher grede traded at £1,303, 02 02.5, 03. Kerb: Higher Grade, three months £1,304, 09, 06, 07, 08, 09, 08. Afternoon: Higher Grade, three menths £1,308, 09, 10, 11. Kerb: Higher Grade: Three menths £1,311, 10, 09, 08. Turnover: 11,050 tennes. U.S. producem: 67.00-70,00 cents per poend.

#### TIN

• • • • •				
TIN	a.m. Official	+ or	P.M. Unofficial	*-
High Grde Cash 5 months Settlem't.	10028-85 10045-60 10025	£ +13 +12 +20	10030-6 10055-60	£ +12
Cesh 3 months Sattlem't. Straits. E.	10028 35 10025-30 10030	+ 15,0 +28,0	10065-6	+17
£10,025,	can'n £10	.030.	three me	onth

210,030, Korb: Biendard, caeh £10,030, three months £10,030. Afternoon: Standard, three months £10,040, three months £10,040, three months £10,050. Korb: Standard, three months £10,038, 35, 35. Turnover: 1,405 tonnes.

i a.m. i+ ori p.m. i+ or

#### LEAD

LEAD	Official	<u> </u>	Unofficial	<u>-t</u>
Cash 3 Months 5 ottlem 't	£ 539-,5 545,0-8 539,5	2 -5.68 -2.75	345-6	£ +5.0 +2.21
Cash £339 Kerb: Thr	, three se month onthe £3	mont a C34	monthe he £345, l6. After Kerb:	45.5.
	r: 4,900		m. U.a. pound.	epat
ZINC				

ZINC	a.m. Official	+ or	P.m. (+ 6 Unclificial —
Cash 3 months Settlem '2	2 766 2 778.5-2 769	£ +8.0 +4.0 +5.0	790-1 +10 778.76-2 +4.

Zinc-High Grado Official/Unofficial prices: Cash em £800-£805, pm £810-£815. Three monthe am £800-£805, pm £810-£805: Sattlemon1 £805.
Zinc-Monning, three monthe £778.
Zinc-Monning three monthe £778.
Zinc-Monning three monthe £778.
Zinc-Monning three monthe £778.
Zinc-Monning three monthe £778.
Zinc-Scarb: Three monthe £778.5, 78.
Zincover: 5.100 tonnes. U.S. Prime

## MAIN PRICE CHANGES

Copra Phil | 3495v | -5 | 3550 Soyabean (U.S.) | 8345u | +3,5 | \$854.55 GRAINA CTHERS

Granta Fut. May: £118.36 + 0.40 £114.88 Maizo £148.80 ....... £148.60 Wheat Fut. May £116.80 - 0.30 £118.36 No. 2 Hard Wint. 1 

pet

#### SILVER

				-T
	a.k.			
ot nonths	1010,6-11 1048-,6	£ +12.7 +18-2	£ 1013- 1048-	#18.5 +11.6
the state of the s				

Tempyer: 11,275 tonnee.

NICK	 e	1 E	£	1.£
NICKEL	a.m. Official	+ or	unoffici	# P
Spot 5 months	4615-20 4612-5	+80.8	4610.4 4650-4	65+12,1 10+88,9
months i	Morning: 4,610.	Kerb:	Three	three

GOLD

GOLD BULLION (fine cunce) Feb. 16 Ciose \$304 \(\bar{4}\)-304\(\bar{4}\) (£276 \(\bar{4}\)-276\(\bar{4}\))
Opening \$306.506 \(\bar{4}\) (£276 \(\bar{4}\)-277)
Will'g fix. \$304.50 (£276.223)
Aft'n'ntot. \$304.50 (£276.323) GOLD AND PLATINUM COINS

Krg'rind . 33135a 3141g (£287-287%)
1g Krug. \$1611a-1621q (£147%, 1481g)
14 Krug. \$2814-54 (£7614-70)
1/18 Krug. \$2314-54 (£762-31)
Mapi eleal £3165q-5141g (£287-287%)
Now 8ov. \$7214-725q (£40-661g)
1gNcw 8ov \$453-441g (£40-661g)
1gNcw \$0x \$454-485 (£40-661g)
1gNcw \$0x \$454-485 (£40-661g)
1gNcw \$1872-74 (£661g)
1gNcw \$1872-74 (£661g) LONDON FLITURES

& per troy

Feb.12 -- or Month 1285 -- ago

2017.9 2022.2 1285.1 1970.2

+ or LM.E.

pot ...... 569.20p - 5.60 572p months. 387.40p - 5.60 590.5p months. 004.90c - 2.40 Bmonths 087.50p - 2.70 -

With New York closed futures traded extremely quietly, strengthoning during the etternoon as sterling weakened, reports Gill and Oullus.

Sales: 1,634 (4,547) lots of 10

(CCO Indicator prices (II.8, dents per pound). Oally price for Fabruary 15: 100.81 (100.88); five-day everege for February 18; 101.87 (103.31).

COFFEE

2127-8130 +12.0 2134 2135 2146 2147 +12.0 2134 2135 2133 6135 +16.5 2185 2185 2132 6135 +16.5 2185 2186 113 4122 +18.5 2120-2144 1995-1995 +14.5 1991 1982 1985-1999 +12.0 1872 1985-1999 +90.0

t Unquoted. w March. e April. U bb-Merch. v Merch-April. t Per 75-lb lak. n Nominel. c Cents e pound.

#### ALUMINIUM

	Silver was fixed 3.5p an gence lower
on 'm a.m. + or b.m. + of Unofficial -	for epot delivery in the London bullion market yesterday at 569.2p. U.S. cent equivalent of the fixing levels wern:
E E E E E I E I E I E I E I E I E I E I	spot 627c. down 5c; tree-month 639.9c, 60rm 5.15c; elx-month 655.95c, down 3.95c; and 12-month 688.95c, down 4.5c, The metal opened at 570-573p (631-634c) and cosed at 571-574p (625-
	628c).

Aluminium—Morning, three months £1,049, 48, 47, cosh £1,011, three months £1,047, 47.5, 47, 48.5, 48. Korb: Three months £1,046, 47, 48, 47. Alternoon: Three months £1,051, 52, 51, 51, 51, 51, 50, 49, Kerb: Three months £1,060, 51, 52, 53, 52, 51.

## £4,640, 45, 40.

Gold rose \$4. to \$3044-\$3044 on the London builton merket yesterday. Tinding was quiet, with New York closed for Weshington's birthday. The metal opened at \$306-\$3094, and was fixed at \$304.95 in the attempon, The opening was the highest lavel of the day, and gold

In gelet conditions comission house selling in near-Merch triggered a mutual decline of £10-£20, reports Orexel Surnham Lambert. The presence was wall shorted and support around £2,310 and £2,320, basis Merch and support services of the surn managements of the surn management of the surnament of t Sales: 3,202 (2,260) lots of 5 tonnes. ICO indicator prices (U.S. canta per pound) for February 15: Comp. daily 1973 132.71 (132.83): 18-day everage

#### INDICES

FINANCIAL TIMES Fob. 18 Feb. 15 M th ago Year ago 296,44296,51 298,98 298,92 (Base: July 1 1962 - 100)

## Feb. 15 Feb.14 With ago, Year ago

MOODY'S reb. 14 Feb. 15M th ago Year ago - | 5.69.5 | -

(Base: December 31 1931 - 100) DOW JONES Dow Feb. Feb. Month Year Jones 14 13 ago ago

#### Fut 184.85125.18 (Base: December 31 1974 - 100)

#### GRAINS

Old crops came under long liquida-tion in the spot position. Wheat rose on the close and barley found profit-taking support to recover from the early lows and closes at the day's high. New crops were a little stoodlar, on ehipper buying, imports Melripace.

#### PIGMEAT

Continued selling pressure seemed values in thin volume, reports CCST Commodities. p. per kilo (deadweight) April .... 107.60 | 108.80 | 188.40-187.88 | 109.40 | 105.40 | 108.80 | 186.10-186.88 | 109.70 | 103.70 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.50 | 105.5

#### Salas: 58 (50) lots of 50 carcases POTATOES Leck of builten news condinued to push prices lower, with sems sellers gaining confidence from women weather. Short-covering helped to prevent further declines and May Under

With the U.S. market on holiday European optimists were allowed free rain and Brent firmed 10-15c, Mid-east crudes were arable to granipally firmer. In the permutation produces, near-ket February activity is kinner, as and due to lack of supplies. March prices for gas all firmed between \$3-55 at the prospect of short-covering demand—Petroleum Argus, London.

Brent atendements
W.T.L (Ipm est).....
Forcados (Nigeris)...26,50-28,50
Urals. (cit HWE).....

PRODUCTS—North West Europe Volt (N' per toune) 

	Patroleum	Argus	Estimptes.						
AS OIL FUTURES									
Month	Yest'day's Close	+ or	Business Done						
eb larch pril sy	215.00 214.60	+5.50 +2,58 +1,25 +2,00 +1,50	245.58-82.50 225.25-44.00 225.25-35-35.25 215.25-37.25 215.00-18.73 214.50-14.00						

Tumover: 1,825 (1,839) lots of 100

#### RUBBER

PHYSICALS—The London physics markst opened eligitity easier, attented vary little interest throughout the day and clewed dell, reports Lawis and Pest. Closing prices (buyers): apot 68,00p (sams): Merch 74,75p (75,00p); April 75,50p (75,75p). The Kusis Lumpur Feb lob prices for RSS No 1 was 185,75 (185,0) cents a kg and for SMR 20 was 189,5 (190,0).

## SOYABEAN MEAL

The market opened unchanged to thin trade, and remained quiet, reports T. G. Roddick.

Feb 144.5-145.2 +0.65, 145.0 June 141.5-142.5 +1.99, 141.5 Au4ust 142.5-143.5 +0.85 148.5 October 145.5-147.5 +0.85 -0.85 148.5 Peb 155.6-165.5 +0.85 -0.85 Feb 155.6-165.0 i+0.70 Sales: 86 (193) lots of 20 tonnes.

## SUGAR

The market drifted in quiet condi-tions as profit-taking came in at the higher levels, reports C. Czernikow. Mar. 116.2-116.0 116.8-116.8-116.8-116.4 May 122.2-122.4 124.0-154.2-125.6-122.0 Aug 169.0-160.4 122.0-122.6

Sales: 817 (2.884) lots of 50 toures.

Tate & Lyle delivery price for gmnu-leted begin sugar was £210.50 (£208.00) a tonno for export. International Suger Agreement—(U.S. conts per gound lob and atowed Caribbean ports). Prices for February 15: Osliy price 3.73 (3.64): 15-day sverage 3.75 (same). Beghin-Say believes demand for similar facilities in Europe will grow if EEC countries adopt the U.S. practice of enting taxes on "clean" petrol containing ethonol rather than

be processed.

The U.S. project is on a site The group, which has surplus sugar stocks because of the where the Ferruzzi group already owns grain silos. A key feature of the deal is that Texaco, the U.S. oil group, has agreed to purchase 50 per cent of the plant's production of 1.5m heccolitres per year. general world over supply, says it could convert its factories in northern France to produce 3m hectolitres of ethanol annually This would absorb 400,000 tonnes of wheat and 200,000 The plant in which American tonnes of sugar, producing according to the company's stake, will use as raw material 450,000 tonnes of grain a year bought on the open market. Mane is expected to be the main estimates, roughly 20 per cent of France's projected ethanol

#### Jute shortage hits Indian mills

INDIA'S fute industry is in crisis because of an acute short-age of fibre and the consequent high price. Rs 1,000 (£70) a quintal. Six mills have closed and several others are on the brink of closure.

Trade union officials say 40,000 workers have been laid off while the Indian Jute Mills Association has called on the government to permit either block closures of mills or a reduction of working hours at the mills, claiming this is the only way out of the crisis. The government has not responded

Mills complain that except for a few financially strong units

## needs for adding to petrol. Pakistan's record cotton crop brings problems in its wake

BY MOHAMMED AFTAB IN BLAMABAD

.PAKISTAN has nearly doubled record 5.7m bales - a remarkable recovery from the disastrous 2.9m bales last year. It is now poised to sell 1.6m to 1.8m bales in the international

market. The turn-around was made possible by good weather, more extensive planting, greater use of insecticides, and above all, farmers yearning to recoup the losses they suffered last year. The 1983-84 crop was severely but he had weather and reduced.

hit by bad weather and reduced insecticide use because of rising Pakistan hopes in the comingseason to regain its position as the world's third largest cotton exporter, which it lost last year. Reduced government revenues on cotton and cotton-based products last year plus the cost of raw cotton and synthetic fibres it had to import to keep its tex-tile industry spinning and weaving are estimated to have cost Pakistan around \$900m.

Pakistan Central Cotton Committee (PCCC), which has representatives from the government, cotton growers, ginners, trade, and the textile industry, estimated that by February 1 about 5.3m bales of cotton had already arrived at the gimperies. They expected 200,000-300,000 beles more within the next two

bales more within the next two weeks. Around the same quantity, 200,000-300,000 bales, is used annually by farmers or sold by them locally.

Buoyed by the good performance in 1984-85, the PCCC, chaired by Admiral Mohammed Fazil Janjua, Minister for Food and Agriculture, has set the production target for 1985-86 et 6m bales, but without increas-ing the area for planting. It includes 4.58m bales to be grown in Punjab, and 1.67m bales in Sind. Punjab grew

#### PRODUCTION Htttares 1983-84 2.72 2.959 1985-84 2.23\* Target

4.25m bales and Sind 1.45m bales this year. The large cotton crop this year, and the one hoped for next year, may put considerable strain on the banking system, which is mostly government-

owned.
If the state-owned Cotton

Exports Corporation sells no-more than its export target of 1.6m bales, the 1984-85 crop may leave a surplus of up to im bales this year, and even more after next year 2 crop. Sustaining a carryover stock of im bales ties down 1.6bn of 1m bases uses down Loom rupees (\$64m) of bank money. One way out of this problem of plenty is to strike several barter deals, including some currently being negotiated with

they will ease part of the pressure on balance of payments. The deficit for the year to June 80 is heading for \$1.2-m

plus.
The All-Pakistan Textile Mills. Association says domestic spinning and weaving is likely to use between 2.8m and 3.2m bales from the 1984-85 crop. It is, however, sceptical about a boost in domestic consumption abova this because China is pushing its yarn exports to Japan—traditionally 2 Pakistani

Admiral Janjua and the pin their h even bigger crop in 1985-86 on increasing the area sprayed with insecticides to 60 per cent of plantings in Punjab and 40 per cent in Sind. "The farmers will be helped and guided to carry out adequate and timely plant protection measures for attaining these targets, says PCCC's plan of action for the

next year. The availability of the certifled and improved seed which accounted for 9 per cent of seed planted in 1984-85, is likely to

be stepped up.
This year, the number of cotton plants also went up to about 25,000 to 35,000 per hectare, up from 20,000 to 30,000 a hectare in 1983-84. Admiral Janjua has, however,

cautioned farmers against being complacent, in view of the good crop this year. "There is still a considerable scope for increasing the yield per hectare (435.68 kilos per hectare) which is quite below the average of the advanced cotton growing countries," he says. The PCCC says that after givcurrently being negotiated with ing "thoughtful consideration the Middle East and Iraq for to the resource availability, the

vield potential of criton varieties, the institutional arrangements and the temps of progress already gained a larget of 6.0m bales is recompeted to the control of the critical critic mended for 1985-86, but without increasing the area." With that thread of ancress are tied Pakistan's hopes for a

U.S. COMMODITY markets were closed yesterday to commemorate George Wash

WOOL FUTURES

COTTON

MEAT COMMUSSION

SMITHFIELD — Pencs per pound. Best—Scomb Killed Siles 76.0-82.0; English Hindquerters 86.0-92.0; Fore-querters 39.0-84.0, Veel—Dutch Hinds end Ends 234.0-126.0, Lamb—English Smell 78.0-849. Medium 70.0-75.0, Hoavy 86.0-72.0 Scottch Medium 70.0-75.0, Heavy 86.0-72.0 Scottch Medium 70.0-75.0, Heavy 85.0-71.0; Imported New Zeslend PL (New Sesson) 70.5-71.5; Pl. (Old Sesson) 67.5-65.5; Pork—English under 10015 51.0-51.0; 100-12015 51.5-55.0, 120-16015 41.0-49.0.

SOYABEANS—(U.e. 8 per tonie): U.B. no two yellow gullports Feb 239, Mar 239, April 240.16; May 240.50; June 241.26, July 243.15, Aug. 245.36, Esper 246, Oct 242.35, Nov 242.36 Espers. 245. Oct 242.35. Nov 242.35 sellers.

SOYAMEAL (U.S. 5 per tome):
44 per cent affoat 155. Fab 133, Mer
153. April 154. April/Sept 151 sellers.
Feb 162. Feb 10/Mer 10 162. Mer 157.80.
April 152.50, May 152.50, April/Jene
153.50, April/Sept 158.50, Feb 160 sellers.
Srezil affoat 160 158.50, Feb 160 sellers.
Fellers Argentine affoat 160-158.50, Feb
160, Mer 157. Mey 147.50, May/Ang.
151.50, Mey/Oct 152 sellers.

SUGAR (FF. par tanne): May 1418/ 1420. Aug. 1200/1510. Oer 1560/1570. Dec. 1630/1545. March 1795/1760. May 1785/1810. 1785/1810.

COCOA (FFr per 100 kg) - 464rdh
2205/2325, Mey 2355/2338, Julic 2300
bid, Sept 2286/2319, Dec 2130 bid.

March 2130 bid, May 2130 bid.

#### ROTTERDAM

WHEAT (U.S. \* per tome): U.S. two soft red winner selections of April 181. May 161. June 148.75. U.S. two corners specing 14 per came protein res 185. May 182. April 183. June 165.50. July 167.50. Sept 167. U.S. June 165.50. July 167.50. Sept 167. U.S. draw april 18. per came protein April / May 183.50. U.S. draw need ourse April / May 182. Jose 182. Sept 187. Catadlan one weeten april 183. Sept 183. May June 194. Sept 183.

MATZS—(U.S. \* per tomas): U.S. three yearow april 183. May 183.50. June 194. Sept 183.

MATZS—(U.S. \* per tomas): U.S. three yearow strong 183. May 183.50. June 183.50. April June 183.50. July / Sept 183. May 183.50. June 183.50. April June 183.50. July / Sept 185. Sept 185. May 183.50. July / Sept 185. Sept 185. May 183.50. May 183.50. Sept 185. Sept 185. May 183.50. May 183.50. May 183.50. Sept 185. Sept 185. Sept 185. May 183.50. May wer: 100 (100) lots of 100 tro

#### OTHER MARKETS

SYDNEY OREASY WOOL-Close (in LOWDON NEW ZEALAND CROSS EXCEPTION NEW ZALAMB CROSS-SREDS—Close (in order: buyer, seller, business). New Zasland certs per kg. Mer 510, 515, 514; Mey 623, 525, 625 524; Aug 542, 545, nil; Oct 542, 848, nil; Dec. 544, 548, 548; Jas -548, 549, nil; Mer 553, 656, nil; May 566, 680, 560; Aug 571, 672, nil. Salas; 12.

LIVERPOOL—Spot and shipment seles emounted to 36 tennas. Few dealings occurred with only limited offizahe, Scattered operations were dimensed towards Middle Eastern questions. MEAT

JUTB—Jan/FeB c and f O ondee BWC/ BTC \$980, 8W/D/BTD \$980: c end f Antwerp BWC/BTC \$980. BWD/BTD \$980: c and f Dandoe ax-india Feb 40 in 10 oz £21.90, 40 in 75 bx £23.28: 8 twille £35.64.

#### CURRENCIES, MONEY and CAPITAL MARKETS

#### FOREIGN EXCHANGES **FINANCIAL FUTURES**

#### Dollar heads back to DM 3.30

Hope

to dead

over ty

farm 🙀

The dollar broke through some important resistance levels in European foreign exchange trading yesterday.

SwFr 2.8010 from SwFr 2.7780.

On Bank of England figures the dollar exchange rading threatened the DM 3.00 point. Trading began quietly, win 1500.

Trading began quietly, win point to dollar continuing to weak of itset week. It was initially felt that the threat of central bank intervention might keep the U.S. currency depressed, but a fall below DM 3.25 sparked renewed demand, and the dollar rose steadily to close around its highest levels of the day.

Sentiment behind the dollar remains strong, with testimenty before Congress today by Mr. Sentiment behind the dollar remains strong, with testimenty before Congress today by Mr. Sentiment behind the dollar remains strong with testimenty before Congress today by Mr. Sentiment behind the dollar remains strong with testimenty before Congress today by Mr. Sentiment behind the dollar remains strong with testimenty before Congress today by Mr. Sentiment behind the dollar remains strong with testimenty before Congress today by Mr. Sentiment behind the dollar remains strong with testimenty before Congress today by Mr. Sentiment behind the dollar shown as sign of any further easing of monetary policy. The Japanese yen was firm for most of last week, but met some selling pressure yesterday, loss of the day. The Japanese yen was firm for most of last week, but met some selling pressure yesterday, loss of the day of the market yesterday.

The Japanese yen was firm for most of last week, but met some selling pressure yesterday, loss of the day of t

POUND SPOT-FORWARD AGAINST POUND 4.88 1.26-1.20pm 3.73 1.17-1.06pm 6.43 Py-5pm 2.90 51-43pm 3.25 8%-7%pm -0.57 0.04-0.36ds 7.49 Py-64pm UK†
(ratend†
Canada
Nethind,
Belgium
Senmark
W. Ger.
Portugel
Spain
Italy
Norway
France
Sweden
Japan
Austria 0.04-0.38di Fr-Gupm 500-1400da 50-15pm 6-10dis 32-25pm Fr-Gupm 12-22dis A4-42pm 414-374pm Fr-Sapm

Six month forward dollar 1.82-1.77c pm. 12-month 2.25-2.10c pm.

OTHER CURRENCIES

iraland W. Ger.

- :-

tton co

Note Rates 25,20-30.50 72,50-76.50 12,99-16.00 12,00-1.1.12 3,594-3,524 2220-1250 282-387 4,07-4.11 193-218 1931-305 16,17-10.27 3,05-3,08 2,091-1.111<sub>2</sub> 291-308

Feb. 18

0.914 5.304 3.847 6,276 6,618

EXCHANGE CROSS RATES OF CAMPULATION Pound Strillog U.S. Dollar | Deutschem k. Pennese Yen FrenchFranc | Swiss Franc | Sutch Sulid Italian Line Canada Dollar Belgian Franc Pound Sterling U.S. Dollar Deutschomark Japanese Yen 1,000 78.96 1000. 3.056 58,73 12,67

Dutch Gilder Italian Ura 1600 69.57 127.7 2,699 4,945 5.751 1.876 2,462 4,978 7,523 16.81 2,093 4,266 EURO-CURRENCY INTEREST RATES (Market closing rates)

MONEY MARKETS -

finished at 131-14 per cent up from 131-13 per cent up from 131-13 per cent while three-month eligible bank bills were bid at 131 per cent com-pared with 131 per cent. The latest UK PSBR figures were

UK clearing banks base lending rate 14 per cent

much in line with expectations and had little effect on the market. For the time being attention remained fixed on sterling's performance against tha

The Bank of England ferecast a shortage of around £400m with factors affecting the market factors affecting the market incleding maturing assistance and a take up of Treasury bills together draining £540m and the unwinding of previous sale and repurchase agreements a further £80m. In addition Exchequer transactions drained £215m. These were partly offset by a fall in the note circulation of £290m and banks' balances

FT LONDON INTERBANK FIXING

(11.00 a.m. February 18) Three months U.S. dollars offer 9 1/8 5id 67/18

The fixing mise are the arithmetic means, counded to the nearest one-aixteanth, of the bid and offered rates for \$10m quoted by the merket to five relatence banks at 11 am each working day. The banks am National Westminster Benk, Bank of Tokyo, Deutsche Benk, Benque Nationale de Pans and Morgen Guaranty Trust.

Interest rates in London finished at the highest level of the day as sterling declined on renewed dollar strength. Trading was mostly quiet bowever with the closure of U.S. centres. Three-month interbank meney finished at 13½-14 per cent up finished at 13½-14 per cent up finished at 13½-14 per cent up finished at 13½-15½-per cent up finished at 13½-15½-per cent up finished at 13½-15½-per cent while in band 4 (64-91 days) it bought forward £150m above £14m of eligible bank hills at comprised purchases of £31m of eligible bank bills in band 1 13½-per cent, the forecast was later revised (up to 14 days) at 13½-per cent, to a shertage of around £450m in band 2 at 13½-per cent, to a shertage of around £450m in band 2 at 13½-per cent, at 13½-per cent and £30m in band 2 (15-33 days) at 13½-per cent.

Three-month interbank meney finished at 13½-14 per cent while in band 4 (64-91 days) it bought of £451m. The afternoon help ing on March 5. MONEY RATES Zurich 6.4-5.6 5.50-5.66 5.65-6.00 6.00-6.16 6.55-6.40 2-21<sub>2</sub> 61<sub>2</sub>-55<sub>6</sub> 6.34578

LONDON MONEY RATES 13-16 14 14-141<sub>8</sub> 141<sub>6</sub> 141<sub>6</sub> 141<sub>8</sub> 137<sub>8</sub> 167g-14 157g 131g 13-1614 1614 1314 1614 135 154 134 134-134 164-134-134-134 194-184 18-164

ECU Linked Deposits 14 1679 1376 16 1244 1975 10-101s 10-101s 10-4-10-5 161s-161s 10,5 10,4 2분-9급 ECG6 Fixed Rate Export Finance IV: Average Rate of Internst period January 2 to February 5 1985 (Includive): 11.840 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed, Finance Houses Base Retes (published by the Finance Houses Association): 10<sup>1</sup>2 per cent from February 1 1985. London and Scottish Clasting Bank Rates for landing 14 per cent, London Deposit Rates for sums at seven days' action 11<sup>1</sup>12 per cent. Trassury Sille: Average rander rates of discount 13.730 per cent. Certificates of Tax Seposit (Sales 8): Seposite £100,000 and over taild ander one month 13<sup>1</sup>2 per cent; one three months 13<sup>2</sup>5 cer cent; three-six months 12<sup>2</sup>5 per cent, line-12 months 12 per cent, Under £100,000 11<sup>1</sup>2 per east from February 13. Deposite held under Series 8 12 per cent. The rate for all deposits withdown for cash 9 per cent.

STERLING WXCHANGE RATE Ciose 90.68 90.03 89.49 89.07 88.70 (Bank of England) Feb 18 Previou 71.2 71.2 .. 71.6 8.30 am 9.00 am ..... 10.00 am .....

1.00 pm ..... 2.00 pm ..... 3.00 pm ..... £ in New York February 18 Prev. close 31,1098-1,1000 0,45-0,45pm 11,21-1,16pm 2,09-3,00pm

DOLLAR SPOT-FORWARD AGAINST DOLLAR 1.0905-1.1075 1.0930-1.0940 0.3440-0.9666 0.3446-0.9455 1.3363-1.3406 1.3401-1.3408 3.6780-3.7365 3.7295-3.7305 88.70-88.65 68.15-88.25 179-181 181.55-181.65 2,036-2,037 9,44-9,44-2 10,07-10,07-2 9.304-9.314 299.95-260.05

1 UK and imlend are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian mta la for convertible france. Financial Imno 66.50-66.60.

CURRENCY MOVEMENTS CURRENCY RATES Feb 18 sank Specia Europeal Currency Bank of England Index Morgan Guaranty Chango % 0.615466 0.677012 0.907534 15.6322 44.7336 7.97612 9.22634 2.51950 6.81006 Feb. 16 NA N/A NIA 176.685 6,88016 122.810 rench franc

9,29485 1,89157 90,7196 0,71452 1980-1982=100, Ba (bess sverage 1975m100). · 文字的文字 等原品

3,063 2,601 1.133 7883, 20.16 23,64 545.7 1000, 17.76 32,62 1.938

Asian \$ (closing rates in Singapora): Short-term 81-51, per cent; seven days 81-81, per cent; one month 81-61 per cent can month 81-91, per cent; one year 10-101, por cent. Long-term Eurodoliers: two years 101-11 per cent; three years 111-111, per five years 111-111, per cent; others two days notice.

## Consequently values

Activity was curtailed in the London International Financial Futures Exchange yesterday by the closure of U.S. centres for Washington's birthday. Sterling based instruments were influenced once again by the performance of the pound. The latter had shown quits a respectable performance earlier in the day but renewed dollar demand pushed it below \$1.10 at the close.

DM 3.3070 torched last week. The dollar spened weaker, continuing the trend at the sad of last week, and the currency fell to an sarly low of DK 3.2480, but soon recovered. It was fixed at DM 3.2788 in Frankfurt compared with DM 3.2650 on Friday, without any intervention by the German Bundesback. There was also no sign of activity by the central bank so the open market. Trading volume was restricted by belidays in some German cities. After a strong performance last werk the yen fell to DM 12.645 per 1.000 yen from DM 12.775 on Friday. Sterling rose to DM 3.6140 from DM 3.6050 rose to DM 3.6140 from DM 3.6050 at the fixing. LONDON THREE-MONTHH EURODOLLAR 91m points of 100% High Low 90.72 90.65 90.06 90.02 69.53 89.49 89.09 89.07 71.6 71.5 71.6 71.5 71.5 71.5 71.5 71.5 71.5 71.4 71.4 71.4 THREE-MONTH STERLING 2500,000 points of 100%

p.a. months
4.88 1.25-1.20pm
5.43 1.32-1.72pm
-1.30 0.40-0.44ds
1.83 1.82-1.73pm
-2.28 34-38dis
-1.02 34-44dis
-2.68 2.40-2.55pm
-28.74 950-1450ds
-3.58 150-1650ds
-3.58 150-1650ds
-3.51 7-7-dis
-2.05 5.20-5.00ds
-5.50 114-124ds
-5.50 114-124ds
-1.50 1.85-1.61pm
1.82 124-104-pm
2.71 2.22-2.18pm 6.46-0.43e pm 0.48-0.36e pm 0.13-0.16edia 0.52-0.45e pm 12-13c dis 1-11-ore dis 0.75-0.70pf pm 250-560c dis 50-560 dis 50-580 dis 51-59-180e dis 1.65-1.80e dis 4-41-ore dis 0.48-0.469 pm 31-38-30 pm

3.2460-3.270 1781-181 180,10-197.70 2,013-2,038 9.35-0.45 6.357-16.074 9.221-9.311, 258,25-260.05

\*C\$/SDR.rate (or February 15: 1.29382.

1521 3075. 2,78B 5,656 49,47 100,

9-81<sub>2</sub> 814 83<sub>4</sub> 978-1058 1058-1118 1054-1114 1678-1118 514 616 614 616 614 616 616 616 616 616 101g-11 161g-1054 101g-1654 165g-1678 1054-11

# UK rates nervous on weak pound

167g-1614 11.0 154-1918 105g-167g 1034-11

Discount Houses Deposit and Bill Rates

MONEY RATES NEW YORK (Lunchtime)

## Quiet trading

March 90.68 90.72 1.00a 90.00 90.02 90.07 1.00a 90.03 90.06 90.02 90.07 89.53 89.49 89.56 1.00a 90.07 89.09 89.07 89.12 1.00a 90.07 1.00a 90.00a 90.07 1.00a 90.00a 90.0

Close High Low Prev 88.53 96.85 96.54 98.64 98.63 98.83 98.85 98.80 98.8 20-YEAR 12% NOTIONAL GILT . 250,000 32nds of 100%

| ZEO.000 32nds of 100% | Gentleman | Gent

DEUTSCHE MARKS DM 125,000 \$ per DM March 6,3090 6,3070 6,3040 0,3045 June 0,3062 0,3089 0,3062 6,367 Sat. Volume 45 (10) Previous day's open int. 259 (260) SWISS FRANCS SWFT 125,000 \$ per SWFT Close 6.3574 9.3605

JAPANESE YEN Y12.5m & per Y1100 June 0.3860 — 5.386 Est. Volume Nil (nil) Previous day's open int. 117 (114) FT-SE 100 INDEX #25 per full index point March 126,50 127,45 126,46 128,66 127,15 126,80 127,25 126,80 128,95 26pt 127,15 — 129,30 est. Volume 368 (272)
Previous day's open int. 1,463 (1,373)

U.S. TREASURY BONDS 8% \$100,000 32nds of 100% High Low 71-25 71-18 71-26 70-25 Est. Volume 249 (1.631)

Consequently values were marked down as cash rates reacted with a stronger trend on sterling's renewed weakness. A repayment figure of £2.44bn in January for the UK PSBR was much in lins with expectations and failed to have any infinence. The March gilt price opened at 104-18 up from 104-12 but lost ground to finish at 103-18. Similarly the March three-month sterling contract closed at \$6.58, down from an opening level of \$6.55 and Friday's close of \$6.90.

Euro-dollar prices were a little

Euro-dollar prices were a little weaker on late selling, having shown little movement earlier in the day. Apart from the reduction in trading volume swing to Chicago's closure, the market was also a little restrained ahead of Federal Reserve Board chairman Paul Veicker's testimeny before Velcker's testimeny before Congress.

The rates below for Chicago are for February 15.

CHICAGO March 71-22 72-18 71-2
June 70-22 71-17 70-2
Sept 69-29 70-23 69-2
Dec 69-09 70-03 68-00
March 82-24 69-03 68-03
Sept 67-29 69-00 68-0
Sept 67-29 68-03 67-11
March 67-09 67-21 67-01
June 67-01 67-01
June 67-01 67-01
Sim points of 700%

CERT. DEPOSIT (IMM) Sim points of 100% Jatest High 90.71 90.84 90.07 90.23 88.55 89.98 89.11 88.24 88.76 88.86 89.46 88.56 89.20 88.28 88.19

High 1.1046 1.0980 1.0935

1.0860 1.0870 1.0860 1.0845

June 0.3805 Est. Volume Nil (12) Previous day's open int. 111 (111) STERLING (IMM) Se per E GNMA (CBT) 8% \$100,000 32nds of 100%

## **OPTIONS ON EURODOLLAR FUTURES**

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and Chicago.

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# WORLD VALUE OF THE POUND

67-08 68-26

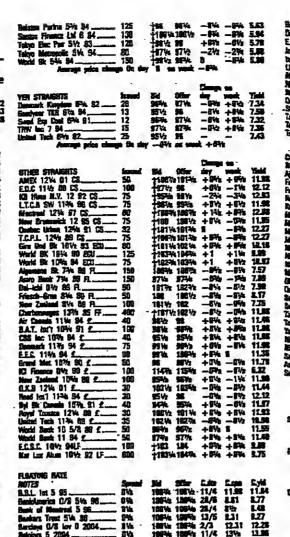
The table below gives the latest available rate of exchange for the pound against various currencies on February 18, 1985. In some cases rate is nominal, Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which

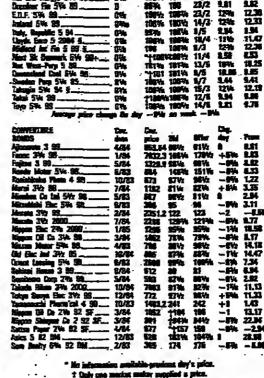
Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (non nominal; (o) official rate; (sg) selling rate; (a) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	· VALUE OF £ STERLING
	Africal	Ø9,C0	Greenland	Danish Kroner	18,9050	Peru	Sol	exe(A)7,654.52
Irenia	Lek-	10, 16	Grenada	E. Caribbeon #	2.97 11.61	Philippines	Philippine Paso	18.90
Jacria	Afghapl	10, 16 (A) 6,75 11,01	Guan	U.S. E	1.0936 1	Pitcairn Islands	New Zealand 5	2,4200
ndorra	Frence Franc   Spanish Peseta	198.35	6 uadaloupe Guarraia	Quetzal	1,0935 28,29			
pools	Kwanza	(CM) 62,7204	Guinea	Syll	96.52	Poland.	Zioty	154,84
ntique	Kwanza E. Caribbean \$	5.97	g mana	Guyanese S	4,6525	Portugal	PortuguesoEscudo	196,375
rgentina	New Poso	266,43			6.4676	Puorto Rico	PortuguesoEscudo U.S. 2	1.0935
uetralle	Australian S	1,4955	Haiti	Lampire	9 9050 1	Qatar		4.0240
ustria	Schilling Portuga se Escudo	26.88 145.375	Hong Kong	H.K. 8	8,5150			
Z0706	Portuga'se Escudo	1,0938			55,7665	Reunion faland	French Frenc	11.61
ahamas	Dinar	0.4165	Hungary	Forint		Romonia	Lou	(Cm) 6.13 (N/C) 14.66
ahrain,	Spa Peseta	198.66	loeland	t. Krona	46,0085			
angladesh	Taka Parbados 8	28,65 8,1870	Indla	ind, Rupes	14,05 1,196,80	Rwanda		118.01
ALDEGOS :	P. France	(cm) 72.40 (fm) 72.75 8,1870	India	Rini	104,80(09)	St. Christopher	E. Caribbean \$	2.97
iolgium	P. PLEIC	(fm) 72,75			0.3445	St. Lucia	E. Caribbean &	1.6 8.97
elize,,	C.F.A. France	550.50	irish Republic	tadi ginar	1.1570	St. Pierre	Local Franc	11.61
	Bda. \$	1.0986	iaraal	6hekel	767,6	6t. Vincent	E. Deribbean \$	9.97
elizeenin	Indian Rupee	14.05	iaraalitalyivory Coast	Lira	2,226.50 550,50	Samoa American	Italian Lira	1.0935 8.886 50
	DOUBLE PROPERTY PROPERTY AND ADDRESS OF THE PROPERTY ADDRESS OF THE PR	(u)49,207,50\$	Ivory Coast	C.F.A. Franc	250,50	St. Noiona	Dobra	2,226.50 61.86
otawana wrkino Faso irazii irit. Virgin Islos	Pula	1.90	Jamaica	Jamaica Dollar				
urkino Faso	C.F.A. Franc		Jamaica	Yen	984.25 0,4560	Saudi Arabia Senegal Seychelies Siorra Leono Singapore Solomon letanda	Saudi Ryal	3.6145
FRZIG	U.S. S	4,164,5 1,0956	Jordan	TOLORUZEN SINEL	0,4000	Sevenelles	S. Runos	650,66 8,20(sg)
LIE ALIGHT INCOM	Reunal E	4 454D	Kamoushes	Riei	N/A	Siorra Leono	Leona	(O) 2.70 9.4540
cunel	Lev	1.1666	Kenya	Kenya Shilling	17,90	\$ingapore	Singapore \$	
urma	Kyat	9.6871 141.00	Kirlbati	Mod Anatralian P		Somali Republic	Somali Shilling	1.6620 28.4616
perundi	Burungi Franc	141,00	Korea (Sth)	Won		Somali Republic South Africa	Rand	5,0860
amaroon	C.F.A. Franc Canadian \$ Spanish Powetz Cape V. Escudo Cay. In. \$ C.F.A. Franc C.F.A. Franc C.H.E.A. Peac Renminbl Yuan Col. Peac C.F.A. Franc C.F.A. Franc C.F.A. Franc	666,50	Kampuehea Kenya Kiribati Korea (Nth) Korea (Sth) Kuwait	Kuwaiti Dinar	0,3360	Spanish ports lo Spanish ports lo North Africa Sri Lanka Sudan Republic Surinam Swaziland Swaziland Switzerland	Peseta	198.35
	Canadian \$	1,4636 198,66	LabanonLabanonLabanonLabanonLabanonLibyriaLibyriaLibyriaLibyriaLibyriaLibyriaLibyriaLibyria	Now Kin	38,2725	North Africa	Peacta	198.35
enary leizade	Cape V. Escudo	98,26	Labanon	Lebanese &	14.4505 2.6860	Sri Lanka	S. L. Rupee	29.05 8.7840
layman islands	Cay. Is. \$	0.9118	Lesotho	Meluti	1,0985	Sudan Republic	Sudan & (a)	8.7540 1.9575
ont. Afr. Republic	C.F.A. Franc	656,56 650,56	Libya	Libean Siner	0.3935	Swaziland	Litangeni	2.0860
7855	Chilean Paso	142,48	Liechtenstein	Swies Franc	6.0625 72,40	5wedan	S. Krona	10,18
hina	Renminbi Yusa	6,1635			10,40	Switzerrand	Swigg Pran-	3.0625 ((A) (T) 9.0
colombia	C.F.A. France	(F) 125,61 650,50	Maceo. Madeira Malagasy Repub9o Malasia Malasia	Pataca	2,96 195,376 738,25 1,7400	971,12		(CM) 4.2920
omoro (Brazaville)	C.F.A. France	650,50 650,60	Medeira	Portug'se Escudo	195,576 738.25	Tanzania	New Telwan \$	45.16
		an 63.40	Malagasy Republic	MG Franc	1,7400	Tanzania	Tan. Stilling	20,25
yprus	Cuben Peso	(J) 63,40 1,00 0,750	Mainsia	Ringgit	2,7750	Togo Republic	C.F.A. France	50.19 650.50
7yp/us	Cyprus £	0.750 ( (com) 7.96	Mariatus Islanda	Dudhen a	8,2560	Tonge Islands	Palanga	1.4958
Czechoslovakia	. Koruna	n/c 15.8436	Maidive lelands	C.F.A. Frano	550,50 0.35 11,61	Trinidad	Trinidad & Tob \$	2.6245
		n/c 15.8436 (13.475(9) 18.9050	Maits	Maltese £	0.35	Turkey	Turkish Lira	0.9740( sg) 606.40
789 Mark	Danish Kroner	18.9050	Martinique	Lacki Franc	70.94	Turkey Turks & Calcos Tuvalu	U.O. \$	. T'ABO2
Dominica	E. Caribbean \$	187.0 6.97	Mail Republic	M. Rupea	17.70	Tuvalu	Australian 5	1,4966
	Dominican Peso	110) 1,0935	Maxico	Mexican Pesto	70.94 17.70 (F) 256.38 (C) 220.69	Uganda	Uganda Shilling	692,00
•		18,2806 (7) (D) 74.76	Michalos	Local France	11.61		_	1.0936
Ecuador	. Sucre .	(F) 133, 13 0,9110(14)	Mongolia	French Frano	11.61	United States Uruguay Utd.Arab Emirates	Uniquey Pero	1.0936 96.446
Egypt	. Egyptian &	0.8110(14) 1.3175 (5)	Mongolia	Turgrik	4,56 (II) 8,97	Utd.Arab Emirates	U.A.E. Dirham	4.0140
		(15175 (8)	MOTOCCO	Dirham Metical S.A. Rand Australian Dollar Nepalese Rupes Suider	10.65 (sg)	U.S.S.R. ,	Rouble	6. <del>9844</del>
El Salvador	Calen	(ID) 5.7480 (IF) 4.4290	Mozambique	Metical	(A) 49.05	Vanuatii Vatican	Vetu	111,50
Equatorial Guines	, Ekuele, Ethopian Birr	(P) 396,70 2,2550	Namible	, S.A. Kans Australian Dollar	2.0866 1.4969	Vatican	Italian Lira	9,226.50
Equatorial Guinea Ethiopia Falkland islands	Falkland Is. £	1.6	Nosal	Nepalese Rupes	20,69	Vonezuela	Boliver	(4) 4.75
F2 roe (615/105	. Danish Kroner	12,9050 1,8956	Netherlands	. 6 vilder	4,08 1,9576	A OLIOCOPHE	DOME	9,826.50 (4) 4.76 (6) 8.26 (6) 14.716
Fiji klands Fi:land:	. Morkka	7,4804	NetherlandAntiller		0.4000	100000	•	
L b - Marif Seft I wilder and desired on the			Nicaragee		(F)219.60	Vietnam Virgin island U.S.,	Dong U.S. Doller	(0) 11,89 1,0965
France	French Franc	11.61 650.60	Nine- Bennera	OF A France				
Franch C'ty in Af., French Bulens	Local Franc	11.61	Meeria	C.F.A. Frano Naira Norwegian Krone Stal Omani	1,125091(sg) 10,3250	Western Samoa	Samoan Tala	(A) 2,4580
French Pacifio is.	C.F.P. France	191.0	Norway	Norwegian Krone	10,3250	I.,		
	. C.F.A. Franc	550,50 5,00			6.380 17.00	Yomen (Nth)	S Yemon Dines	6,47 (eg) 0.6800† 983,3265
Samois	. Ostmark	0,6028	Panama	. Pakistan Rupes . Baiboa	1.0935	Yemen (Nth) Yomen (Sth) Yugoslavia	New Y Sinar	983,3265
Sermany (West	Deutsche Mark	. 3,0226	PanamaPapus M. Guinea	Kina	1.0880			48,2946
Ghana	French Frans C.F.A. Frans C.G.A. Franc C.F.P. Franc G.F.A. Franc Dalesi Ostmark Deutsche Mark Gedf Gibrantar & Grachma	55.3250 1.6	Paraguay		962.44(10) 435.91(7)	Zaire Republic Zambia Zimbabwa	Kwacha	2.65
))Dreiter	6 rachma	1.6 147,20	]		Į 367,77(12)	Zimbabwa	Zimbabwe \$	1,7625
<del></del>			<u>-                                      </u>					

\*Rate is the transfer market (controlled). ‡‡ Now one official rate. (‡) Besed on gross rates against Russian nouble. (1) Essential goods. (2) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (8) Free rate for hours imports, remittances of money aforced and foreign travel. (7) Parallel rate. (9) Rate for emittances of loreign currency by Egyptians working abroad and tourists. (9) Sanknow mass. (10) Rate for exports. (12) Rate for Imports. (13) Essential imports. (14) Mearly all business transactions. (8) Banknote mass. (16) Rate for exports. (12) Rate for Imports. (13) Essential imports. (14) Nearly all business transactions. † Correction: Argentina Peso mts for February 4 was 250.84.

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a year over the five years. You can buy the 30th Issue Certificate in £25 units and you can hold up to £5,000 in addition to any other issue. For full details, ask your bank or your post office.

#### CAPITAL MARKETS

## Denmark's \$200m hybrid floater baffles Euromarket

BY MAGGIE URRY IN LONDON

sial deal in the Eurobond market yesterday, led by Goldman Sachs. The issue, a hybrid floating rate

callable, pays interest at % per cent over the London interbank offered rate (Libor) for socmonth Eurodollar deposits. But the coupon will not be less than 10 per cent, or more than 11% cent. Currently Libor is around 9% so the 10 per cent minimum applies. If Libor rises above 111% the coupon will stay at 11%

A typical FRN investor, which funds its holding in the interbank rates fall, the investor does even better. But if Libor rises to 11% per bonds, by contrast, can readily find rields of 11% per cent elsewhere. With memories of high interest

rates still fresh, many FRN inves-

had reached 99.70 at one point com., at 25 per cent. The borrower, a pa pared with fees of 50 basis points, but which slipped down towards the

cal response. Credit Suisse First Boston launched a \$75m issue for Kemira, the Finnish state owned chemical company. That has a 10year life, with no put options. The

Otherwise the Eurodollar bond market was quiet yesterday be-

issue that had been postponed on issue price.

The market for floa First Chicago approunced the first

There was even disagreement ing. The coupon was indicated at 3% over the bonds' trading level, which per cent and the exercise premium has a single-A debt rating.

Swiss franc foreign bonds were little changed yesterday, D-Mark issues were similarly unchanged on

New Zealand dollar issue for NZI Corporation. The NZS25m issue has In the sterling market, Spain was a seven-year life and terms were set able to announce the £50m buildog at a 15% per cent coupen with a 99%

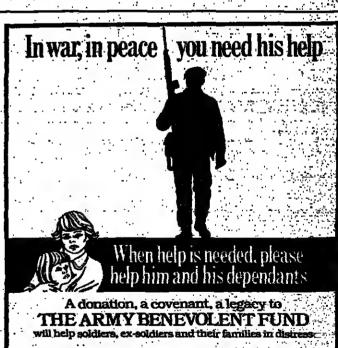
## Crédit Agricole plans two-part domestic bond

terest of 12.1 per cent will be paid set at 6.5 per cent.

will cover FFr 1.7bn of 10-year AP-DJ

PARIS - Caisse Nationale de Crédit bonds. Interest payments on this Agricole plans to raise FFr 3.2bn portion of the debt will be revised

> Both tranches will be priced at 99.84. Credit Agricole said it expec





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